

[Airspace Docket No. 67-SO-93]

**PART 71—DESIGNATION OF FEDERAL AIRWAYS, CONTROLLED AIRSPACE, AND REPORTING POINTS****Alteration of Control Zone and Designation of Transition Area**

On September 27, 1967, a notice of proposed rule making was published in the *FEDERAL REGISTER* (32 F.R. 13526), stating that the Federal Aviation Administration was considering amendments to Part 71 of the Federal Aviation Regulations that would alter the Dothan, Ala., control zone and designate the Dothan, Ala., transition area.

Interested persons were afforded an opportunity to participate in the rule making through the submission of comments. All comments received were favorable except those submitted by the U.S. Army.

The U.S. Army objected to the proposal on the basis that the 700-foot transition area would place additional limitations upon aeronautical activity at the uncharted Goldberg AHP (lat. 31°24'57" N., long. 85°27'47" W.). They requested, due to increased traffic and the assigned mission of Goldberg AHP, the airspace within a 1.5-mile radius of Goldberg AHP be excluded from the 700-foot transition area. They also advised that

immediate action would be initiated to have Goldberg AHP published on Sectional Aeronautical Charts.

Further review of terminal airspace requirements for Dothan Airport was conducted in light of the comments submitted by the U.S. Army. This review disclosed that AL-123-VOR/DME-RWY-13 instrument approach procedure could be adjusted to eliminate the proposed northwest arrival extension to the control zone and permit excluding the airspace within a 1.5-mile radius of Goldberg AHP from the transition area. Since these adjustments would have no adverse effect upon the instrument approach procedure nor the controlled airspace requirements, it is necessary to alter the control zone and transition area accordingly.

Subsequent to the publication of the notice, the geographic coordinate (lat. 31°19'10" N., long. 85°27'30" W.) for Dothan Airport (lat. 31°21'45" N., long. 85°18'30" W.) for Headland Municipal Airport, and (lat. 31°11'55" N., long. 85°20'55" W.) for Baker's Skytel Airport, was obtained from Coast and Geodetic Survey.

Since these alterations and the adding of airport coordinates are either editorial or less restrictive in nature, they are incorporated in this rule.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations

is amended, effective 0001 e.s.t., January 4, 1968, as hereinafter set forth.

In § 71.171 (32 F.R. 2071), the Dothan, Ala., control zone (32 F.R. 3438) is amended to read:

**DOTHAN, ALA.**

Within a 5-mile radius of Dothan Airport (lat. 31°19'10" N., long. 85°27'30" W.); within 2 miles each side of the Dothan VORTAC 156° radial, extending from the 5-mile radius zone to 8 miles southeast of the VORTAC; and within a 1.5-mile radius of the Baker's Skytel Airport (lat. 31°11'55" N., long. 85°20'55" W.).

In § 71.181 (32 F.R. 2148), the following transition area is added:

**DOTHAN, ALA.**

That airspace extending upward from 700 feet above the surface within an 8-mile radius of Dothan Airport (lat. 31°19'10" N., long. 85°27'30" W.), excluding the portion which coincides with the Fort Rucker, Ala., transition area, the airspace within a 1.5-mile radius of Headland Municipal Airport (lat. 31°21'45" N., long. 85°18'30" W.) and the airspace within a 1.5-mile radius of Goldberg AHP (lat. 31°24'57" N., long. 85°27'47" W.).

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348(a))

Issued in East Point, Ga., on November 2, 1967.

JAMES S. ROGERS,  
Director, Southern Region.

[F.R. Doc. 67-13534; Filed, Nov. 16, 1967; 8:48 a.m.]

SUBCHAPTER F—AIR TRAFFIC AND GENERAL OPERATING RULES

[Reg. Docket No. 8519; Amdt. 568]

PART 97—STANDARD INSTRUMENT APPROACH PROCEDURES

Miscellaneous Amendments

The amendments to the standard instrument approach procedures contained herein are adopted to become effective when indicated in order to promote safety. The amended procedures supersede the existing procedures of the same classification now in effect for the airports specified therein. For the convenience of the users, the complete procedure is republished in this amendment indicating the changes to the existing procedures.

As a situation exists which demands immediate action in the interests of safety in air commerce, I find that compliance with the notice and procedure provisions of the Administrative Procedure Act is impracticable and that good cause exists for making this amendment effective within less than 30 days from publication.

In view of the foregoing and pursuant to the authority delegated to me by the Administrator (24 F.R. 5662), Part 97 (14 CFR Part 97) is amended as follows:

1. By amending the following automatic direction finding procedures prescribed in § 97.11(b) to read:

ADF STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If an instrument approach procedure of the above type is conducted at the below named airport, it shall be in accordance with the following instrument approach procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of the Federal Aviation Agency. Initial approaches shall be made over specified routes. Minimum altitudes shall correspond with those established for en route operation in the particular area or as set forth below.

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less		More than 2-engine, more than 65 knots
					65 knots or less	More than 65 knots	
Racine Int.	LOM	Direct	2500	T-dn	300-1	300-1	300-1½
MKE VOR	LOM	Direct	2500	C-dn	500-1	500-1	500-1½
Cardinal Int.	LOM	Direct	2700	S-dn-1	500-1	500-1	500-1
Wind Lake Int.	LOM	Direct	2500	A-dn	800-2	800-2	800-2
Horlick Int.	LOM	Direct	2500				
Big Bend Int.	LOM	Direct	2500				
Oakwood Int.	LOM (Rdnl)	Direct	2500				

Radar available.  
Procedure turn E side of crs, 186° Outbnd, 006° Inbnd, 2500' within 10 miles.  
Minimum altitude over facility on final approach crs, 2500'.  
Crs and distance, facility to airport, 006°—5.5 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 5.5 miles after passing LOM, climb to 2700' on 006° bearing from LOM, proceed direct to Cardinal Int or, when directed by ATC, climb to 2600' and proceed to MKE VOR via MKE R 110°.  
NOTE: Runway 1 LOM named METRO.  
MSA within 25 miles of facility: 090°-270°—2300'; 270°-090°—2800'.

City, Milwaukee; State, Wis.; Airport name, General Mitchell Field; Elev., 722'; Fac. Class., LOM; Ident., MKE; Procedure No. NDB(ADF) Runway 1, Amdt. 22; Eff. date, 9 Dec. 67; Sup. Amdt. No. ADF 1, Amdt. 21; Dated, 3 Dec. 66

LBF VOR	LED NDB	Direct	4600	T-dn	300-1	300-1	300-1½
				C-dn	500-1	500-1	500-1½
				S-dn-30	400-1	400-1	400-1
				A-dn	800-2	800-2	800-2

Procedure turn E side of crs, 120° Outbnd, 300° Inbnd, 4600' within 10 miles.  
Minimum altitude over Bignell Int on final approach crs, 3479'; over facility, 3179'.  
Crs and distance, facility to airport, 300°—6.8 mile; Bignell Int to facility, 300°—3.5 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 6 mile after passing LED NDB, make right-climbing turn to 4600' on 120° bearing from LED NDB within 10 miles, make left turn and return to LED NDB.  
NOTE: (1) Final approach from holding pattern at NDB not authorized. Procedure turn required. (2) ADF/VOR receivers required.  
CAUTION: When departing N and NW plan flight to avoid 3627' tower, 4.5 miles NNW of airport.  
MSA within 25 miles of facility: 270°-090°—4700'; 090°-180°—4200'; 180°-270°—5400'.

City, North Platte; State, Nebr.; Airport name, Lee Bird Field (Municipal); Elev., 2779'; Fac. Class., NDB; Ident., LED; Procedure No. NDB(ADF)-1 Runway 30, Amdt. 1; Eff. date, 9 Dec. 67; Sup. Amdt. No. NDB(ADF)-1 Runway 30 Orig.; Dated, 30 Sept. 67

North Platte VOR	LBF RBn	Direct	4700	T-dn	300-1	300-1	300-1½
				C-dn	500-1	500-1	500-1½
				A-dn	800-2	800-2	800-2

Procedure turn E side crs, 175° Outbnd, 355° Inbnd, 4700' within 10 miles.  
Minimum altitude over facility on final approach crs, 3800'.  
Crs and distance, facility to airport, 355°—1.9 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 1.9 miles after passing LBF RBn, make right turn, climbing to 4700' on 175° bearing from LBF RBn within 15 miles, make right turn and return to LBF RBn.  
NOTE: Final approach from holding pattern at RBn not authorized. Procedure turn required.  
CAUTION: Aircraft departing northbound or northwestbound should plan flight to avoid 3627' tower 4.5 miles NNW of airport.  
MSA within 25 miles of facility: 270°-090°—4700'; 090°-180°—4200'; 180°-270°—5400'.

City, North Platte; State, Nebr.; Airport name, Lee Bird Field (Municipal); Elev., 2779'; Fac. Class., H-SAB; Ident., LBF; Procedure No. NDB(ADF)-1, Runway 35, Amdt. 3; Eff. date, 9 Dec. 67; Sup. Amdt. No. ADF1, Amdt. 2; Dated, 8 Oct. 66

## ADF STANDARD INSTRUMENT APPROACH PROCEDURE—Continued

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less		More than 2-engine, more than 65 knots
					65 knots or less	More than 65 knots	
North Platte VOR	LBF RBN	Direct	4700	T-dn	300-1	300-1	200-1/4
				C-dn	500-1	500-1	300-1/4
				S-dn-35	400-1	400-1	400-1
				A-dn	800-2	800-2	800-2

Procedure turn E side of crs, 175° Outbnd, 355° Inbnd, 4700' within 10 miles.  
Minimum altitude over Moran Int on final approach crs 3800'; over LBF RBN, 3230'.  
Crs and distance, facility to airport 355°—1.9 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 1.9 miles after passing LBF RBN, make right turn, climbing to 4700' on 175° bearing from LBF RBN within 15 miles, make right turn and return to LBF RBN.  
NOTES: (1) Final approach from holding pattern at RBN not authorized. Procedure turn required. (2) ADF/VOR receivers required.  
CAUTION: Aircraft departing northbound or northwestbound should plan flight to avoid 3627' tower, 4.5 miles NNW of airport.  
MSA within 25 miles of facility: 270°-090°—4700'; 090°-180°—4200'; 180°-270°—5400'.

City, North Platte; State, Nebr.; Airport name, Lee Bird Field (Municipal); Elev., 2779'; Fac. Class., II-SAB; Ident., LBF; Procedure No. NDB(ADF)-2, Runway 33, Amdt. 2; Eff. date, 9 Dec. 67; Sup. Amdt. No. ADF 2, Amdt. 1; Dated, 8 Oct. 66

Cardinal Int.	LM LOM	Direct	2000	T-dn	300-1	300-1	200-1/4
St. Paul Int.	LM LOM (final)	Direct	2000	C-dn	500-1	500-1	500-1/4
STL VOR	LM LOM	Direct	2000	S-dn-12R@	400-1	400-1	400-1
Lake RBN	LM LOM	Direct	2000	A-dn	800-2	800-2	800-2
ST LOM	LM LOM	Direct	2000				
Stanton Int.	LM LOM	Direct	2000				
Barracks Int.	LM LOM	Direct	2000				
Maryland Heights VOR	LM LOM	Direct	2200				
Imperial Int.	LM LOM	Direct	2600				
Mounds Int.	LM LOM	Direct	2100				

Radar available.  
Procedure turn N side of crs, 207° Outbnd, 117° Inbnd, 2000' within 10 miles.  
Minimum altitude over facility on final approach crs 2000'.  
Crs and distance facility to airport 117°—5.3 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 5.3 miles after passing LM LOM, proceed to MTS VOR via Cardinal Int climbing to 2400' or, when directed by ATC, proceed to ST LOM via Cardinal Int climbing to 1900'.  
CAUTION: Vehicular traffic crossing perpendicular to approach crs and extending above ALS 900' from threshold Runway 12R.  
68 Sliding scale not authorized.  
MSA within 25 miles of facility: 000°-090°—2100'; 090°-180°—2700'; 180°-270°—2200'; 270°-360°—2200'.

City, St. Louis; State, Mo.; Airport name, Lambert-St. Louis Municipal; Elev., 571'; Fac. Class., LOM; Ident., LM; Procedure No. NDB(ADF) Runway 12R, Amdt. 2; Eff. date, 9 Dec. 67; Sup. Amdt. No. ADF 3, Amdt. 1; Dated, 17 Sept. 66

San Lorenzo Int.	SJP RBN	Direct	3000	T-dn	300-1	300-1	200-1/4
SJU VOR	SJP RBN	Direct	1600	C-dn	600-1	600-1	600-1/4
SJU RBN	SJP RBN	Direct	1600	S-dn-7#	600-1	600-1	600-1
Greenwater Int.	SJP RBN	Direct	2000	A-dn	800-2	800-2	800-2
Coral Int.	SJP RBN	Direct	1600				
Mangrove Int.	SJP RBN	Direct	2000				
Caribbean Int.	SJP RBN	Direct	2000				
Guaynabo Int.	SJP RBN	Direct	3200				

Radar available.  
Procedure turn N side of crs, 289° Outbnd, 109° Inbnd, 1600' within 10 miles.  
Minimum altitude over facility on final approach crs, 1000'.  
Crs and distance, facility to airport, 075°—4.6 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 4.6 miles after passing SJP RBN, climb to 1100' on crs of 075° within 20 miles of SJP RBN.  
\*Nonstandard due to high terrain on S side of crs.  
#Reduction in landing visibility not authorized.  
MSA within 25 miles of facility: 000°-090°—1300'; 090°-180°—5100'; 180°-270°—5100'; 270°-360°—1800'.

City, San Juan; State, P.R.; Airport name, Puerto Rico International; Elev., 9'; Fac. Class., MHW; Ident., SJP; Procedure No. NDB(ADF) Runway 7, Amdt. 9; Eff. date, 9 Dec. 67; Sup. Amdt. No. ADF 1, Amdt. 8; Dated, 14 May 66

## PROCEDURE CANCELED, EFFECTIVE 9 DEC. 1967.

City, Shemya; State, Alaska; Airport name, Shemya AFS; Elev., 95'; Fac. Class., HW; Ident., SYA; Procedure No. 1, Amdt. 2; Eff. date, 4 Sept. 65; Sup. Amdt. No. 1; Dated, 20 June 64

Thornhurst VOR	LOM	Direct	3600	T-dn	600-1	600-1	600-1
Hazleton VOR	LOM	Direct	3600	C-dn	1000-1/4	1000-1/4	1000-1/4
Crystal Lake RBN	LOM (final)	Direct	3100	S-dn	1200-2	1200-2	1200-2
				A-dn			

Radar available.  
Procedure turn W side of crs, 223° Outbnd, 043° Inbnd, 3600' within 10 miles of LOM.  
Minimum altitude over facility on final approach crs, 3100'.  
Crs and distance, facility to airport, 043°—3.9 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 3.9 miles after passing AV LOM, climb to 3600' on crs 043° from the AV LOM, climbing right turn to 4000' direct to Lake Henry VOR. Hold E, 1-minute right turns, Inbnd crs 268° or, when directed by ATC, climb to 3600' on crs 043° from the LOM, left turn direct AV LOM. Hold SW, 1-minute left turns, Inbnd crs, 043°.  
NOTES: (1) High terrain to 1820' E, SE, and S of airport within 2.3 miles. (2) \*\*Circling approaches are prohibited in that area SE of Runways 4/22 centerline extended.  
(3) \*Takeoff Runways 10 and 16, day 600-2, night 800-2. (4) Reduction not authorized.  
MSA within 25 miles of facility: 000°-090°—3800'; 090°-180°—3600'; 180°-270°—3600'; 270°-360°—3700'.

City, Wilkes-Barre-Scranton; State, Pa.; Airport name, Wilkes-Barre-Scranton; Elev., 956'; Fac. Class., LOM; Ident., AV; Procedure No. NDB(ADF) Runway 4, Amdt. 9; Eff. date, 7 Dec. 67; Sup. Amdt. No. NDB(ADF) Runway, Amdt. 8; Dated, 15 July 67

2. By amending the following very high frequency omnirange (VOR) procedures prescribed in § 97.11(c) to read:

VOR STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.  
If an instrument approach procedure of the above type is conducted at the below named airport, it shall be in accordance with the following instrument approach procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of the Federal Aviation Agency. Initial approaches shall be made over specified routes. Minimum altitudes shall correspond with those established for en route operation in the particular area or as set forth below.

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less		More than 2-engine, more than 65 knots
					65 knots or less	More than 65 knots	
				T-d.....	300-1		
				C-d.....	500-1		
				S-d-4.....	500-1		
				A-d.....	NA	NA	NA

Procedure turn E side of crs, 193° Outbd, 013° Inbd, 1600' within 10 miles.  
Minimum altitude over facility on final approach crs, 1600'; Ateco Int, 1000'.  
Crs and distance, facility to airport, 013°—14.2 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 14.2 miles after passing MIV VOR or 5 miles after passing Ateco Int/9-mile DME Fix, make right-climbing turn to 1600' direct to MIV VOR, hold S, 1-minute right turns, Inbd crs 013°.  
NOTE: Use Millville altimeter setting.  
MSA within 25 miles of facility: 000°-090°—1600'; 090°-180°—1600'; 180°-270°—1600'; 270°-360°—2100'.  
City, Abilene; State, N.J.; Airport name, Abilene Airstrip; Elev., 150'; Fac. Class., L-BVORTAC; Ident., MIV; Procedure No. VOR Runway 4, Amdt. Orig.; Eff. date, 9 Dec. 67.  
**PROCEDURE CANCELED, EFFECTIVE 7 DEC. 1967, OR UPON COMMISSIONING OF RELOCATED FACILITY.**  
City, Beaumont; State, Tex.; Airport name, Jefferson County; Elev., 16'; Fac. Class., BVOR; Ident., BPT; Procedure No. 1, Amdt. 7; Eff. date, 16 July 66; Sup. Amdt. No. 6 Dated, 16 May 64.

				T-d.....	300-1	300-1	300-1½
				C-d.....	500-1	500-1	600-1½
				S-d-34.....	500-1	500-1	500-1
				A-d.....	800-2	800-2	800-2

Procedure turn E side of crs, 187° Outbd, 007° Inbd, 1600' within 10 miles.  
Minimum altitude over facility on final approach crs, 516'.  
Facility on airport.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 0 mile of BPT VOR, make climbing right turn and proceed to Waterway Int via BPT R 009°.  
MSA within 25 miles of facility: 000°-090°—2100'; 090°-180°—2000'; 180°-270°—1400'; 270°-360°—1700'.  
City, Beaumont; State, Tex.; Airport name, Jefferson County; Elev., 16'; Fac. Class., L-BVOR; Ident., BPT; Procedure No. VOR Runway 34, Amdt. Orig.; Eff. date, 7 Dec. 67 or upon commissioning of relocated facility.

R 200°, counterclockwise.....	R 120°.....	Via 8-mile DME Arc.....	1700	T-d.....	300-1	300-1	NA
R 090°, clockwise.....	R 120°.....	Via 8-mile DME Arc.....	1700	C-d.....	600-1	600-1	NA
8-mile arc, R 120°.....	CTY VORTAC (final).....	Via R 120°.....	700	S-d-31#.....	600-1	600-1	NA
				A-d.....	NA	NA	NA

Procedure turn N side of crs, 130° Outbd, 300° Inbd, 1700' within 10 miles.  
Minimum altitude over facility on final approach crs, 700'.  
Crs and distance, facility to airport, 300°—5.2 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 5.2 miles after passing CTY VORTAC, climb to 1700' on R 300° within 15 miles.  
NOTE: Use Gainesville altimeter setting.  
\*Weather not available to the public.  
#Reduction not authorized.  
MSA within 25 miles of facility: 000°-360°—1400'.  
City, Cross City; State, Fla.; Airport name, Cross City; Elev., 42'; Fac. Class., L-BVORTAC; Ident., CTY; Procedure No. VOR Runway 31, Amdt. 11; Eff. date, 9 Dec. 67; Sup. Amdt. No. VOR Runway 31, Amdt. 10; Dated, 27 May 67.

A00 VOR.....	CLN VORTAC.....	Via CLN, R 130°.....	4500	T-d.....	300-1	300-1	
1ST VORTAC.....	CLN VORTAC.....	Direct.....	4500	C-d.....	800-1½	800-1½	
R 130°, CLN VORTAC counterclockwise.....	R 020°, CLN VORTAC.....	Via 10-mile DME Arc.....	4500	A-d.....	NA	NA	
R 280°, CLN VORTAC clockwise.....	R 020°, CLN VORTAC.....	Via 10-mile DME Arc.....	4500	DME minimums:			
10-mile DME Fix, R 020°, CLN VORTAC.....	CLN VORTAC (final).....	Direct.....	3500	C-d.....	700-1	700-1	

Procedure turn E side of crs, 020° Outbd, 200° Inbd, 4600' within 10 miles.  
Minimum altitude over facility on final approach crs, 3500'; over 3-mile DME Fix, R 200°, 2900'.  
Crs and distance, facility to airport, 200°—5.3 miles; 3-mile DME Fix to airport, 200°—2.3 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 5.3 miles after passing CLN VOR, make a left-climbing turn to 4600'; return to CLN VORTAC, hold N, 1-minute right turns, 200° Inbd.  
NOTE: Use Altoona, Pa., altimeter setting.  
MSA within 25 miles of facility: 000°-090°—3900'; 090°-180°—4200'; 180°-270°—4100'; 270°-360°—3500'.  
City, Ebensburg; State, Pa.; Airport name, Ebensburg; Elev., 2098'; Fac. Class., L-BVORTAC; Ident., CLN; Procedure No. VOR-1, Amdt. Orig.; Eff. date, 9 Dec. 67.

## VOR STANDARD INSTRUMENT APPROACH PROCEDURE—Continued

From—	Transition	To—	Course and distance	Minimum altitude (feet)	Condition	Ceiling and visibility minimums		
						2-engine or less		More than 2-engine, more than 65 knots
						65 knots or less	More than 65 knots	
10-mile DME Fix, R 060°, counterclockwise.	10-mile DME Fix, R 022°	Via 10-mile DME Arc.	3500	T-dn% C-dn A-dn	300-1 800-2 1000-3	300-1 800-2 1000-3	300-1 800-2 1000-3	300-1 800-2 1000-3
10-mile DME Fix, R 022°	EPH VOR (final)	Direct	2800	S-dn-39 A-dn	400-1 1000-3	400-1 1000-3	400-1 1000-3	400-1 1000-3

Procedure turn N side of crs, 022° Outbd, 202° Inbd, 3500' within 10 miles.

Minimum altitude over facility on final approach crs, 2800'.

Crs and distance, facility to airport, 202°—4.9 miles.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 4.9 miles after passing EPH VOR, turn left, climb direct to EPH VOR. Continue climb to 4000' on R 060° within 10 miles.

%Takeoffs all runways: Climb direct to EPH VOR, thence continue climb on R 060° EPH VOR within 10 miles so as to cross EPH VOR at or above: Southwestbound V-2 and V-448, 2800'; Westbound, V-2N, 2800'; all turns N side R 060°.

MSA within 25 miles of facility: 000°-090°—2800'; 090°-180°—2800'; 180°-360°—4700'.

City, Ephrata; State, Wash.; Airport name, Ephrata Municipal; Elev., 1273'; Fac. Class., H-BVORTAC; Ident., EPH; Procedure No. VOR Runway 20, Amdt. 10; Eff. date, 7 Dec. 67; Sup. Amdt. No. VOR 1, Amdt. 9; Dated, 27 Aug. 66

Wilton Int.	JEF VOR	Direct	2900	T-d	500-1	500-1	500-1
Alcoa Int.	JEF VOR	Direct	2400	T-n	500-2	500-2	500-2
CBI VOR	Scott Int.	Direct	2400	C-dn\$4	700-1	700-1	700-1
Scott Int.	Cole Int. (final)	Direct	1800	S-dn-1254@	700-1	700-1	700-1
Guthrie Int.	JEF VOR	Direct	3000	A-dn\$4	1000-2	1000-2	1000-2
Jamestown Int.	Scott Int.	Direct	2400				

Procedure turn S side of crs, 301° Outbd, 121° Inbd, 2400' within 10 miles.

Minimum altitude over facility on final approach crs, 2400' (1347' when control zone not effective).

Facility on airport. Crs and distance, Cole Int to airport, 121°—5.5 miles breakoff point to Runway 12, 116°—0.9 mile.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 0 mile after passing JEF VOR, climb to 2500' on JEF VOR, R 112° within 10 miles, make right turn and return to JEF VOR. Hold SE on JEF VOR, R 112°, 292° Inbd, left turn.

NOTES: (1) Use Columbia, Mo., altimeter setting when control zone not effective. (2) If weather is below 1300-3, climb to 1200' on runway heading before departing to NE.

CAUTION: 985' tower located 1.3 miles W of airport. 1000' tower located 2.7 miles SE of airport. 1151' tower located 3.9 miles NE of airport. 1784' tower located 6.2 miles NE of airport.

%Circling and straight-in ceiling minimums are raised 100' and alternate minimums not authorized when control zone not effective.

&These minimums apply at all times for air carriers with approved weather reporting service.

@Reduction not authorized for nonstandard RFL.

MSA within 25 miles of facility: 000°-090°—2800'; 090°-180°—2300'; 180°-270°—2300'; 270°-360°—2700'.

City, Jefferson City; State, Mo.; Airport name, Jefferson City Municipal; Elev., 547'; Fac. Class., L-BVOR; Ident., JEF; Procedure No. VOR Runway, Amdt. 5; Eff. date, 7 Dec. 67; Sup. Amdt. No. VOR Runway 12, Amdt. 4; Dated, 20 July 67

Wilton Int.	JEF VOR	Direct	2900	T-d	500-1	500-1	500-1
Alcoa Int.	JEF VOR	Direct	2400	T-n	500-2	500-2	500-2
CBI VOR	Scott Int.	Direct	2400	C-dn\$4	800-1	800-1	800-1
Scott Int.	JEF VOR	Direct	2400	S-dn-304\$	800-1	800-1	800-1
Guthrie Int.	JEF VOR	Direct	3000	A-dn\$4	1000-2	1000-2	1000-2
Jamestown Int.	Scott Int.	Direct	2400				

Procedure turn S side of crs, 112° Outbd, 292° Inbd, 2000' within 10 miles.

Minimum altitude over facility on final approach crs, 2000' (1347' when control zone not effective).

Facility on airport. Crs and distance, breakoff point to Runway 30, 290°—0.9 mile.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 0 mile after passing JEF VOR, make right turn, climbing to 2500' on JEF VOR R 112° within 10 miles, make right turn and return to JEF VOR.

NOTES: (1) If weather is below 1300-3, climb to 1200' on runway heading before departing to NE. (2) Use Columbia, Mo., altimeter setting when control zone not effective.

CAUTION: 985' tower located 1.3 miles W of airport. 1000' tower located 2.7 miles SE of airport. 1151' tower located 3.9 miles NE of airport. 1784' tower located 6.2 miles NE of airport.

%Circling and straight-in ceiling minimums are raised 100' and alternate minimums not authorized when control zone not effective.

MSA within 25 miles of facility: 000°-090°—2800'; 090°-180°—2300'; 180°-270°—2300'; 270°-360°—2700'.

City, Jefferson City; State, Mo.; Airport name, Jefferson City Memorial; Elev., 547'; Fac. Class., L-BVOR; Ident., JEF; Procedure No. VOR Runway 30, Amdt. 4; Eff. date, 7 Dec. 67; Sup. Amdt. No. VOR Runway 30, Amdt. 3; Dated, 20 July 67

R 261°, LBF VOR counterclockwise	R 198°, LBF VOR	Via 7-mile DME Arc.	4700	T-dn C-dn A-dn	300-1 600-1 800-2	300-1 600-1 800-2	300-1 600-1 800-2
R 062°, LBF VOR clockwise	R 198°, LBF VOR	Via 7-mile DME Arc.	4700	Minimums with DME:			
7-mile DME Fix, R 198°	LBF VOR (final)	Direct	4100	C-dn	500-1	500-1	500-1

Procedure turn E side of crs, 198° Outbd, 018° Inbd, 4700' within 10 miles.

Minimum altitude over facility on final approach crs, 4100'; over 2.5-mile DME Fix (R 018°) 3379'.

Crs and distance, facility to airport 018°—5 miles.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 5 miles after passing LBF VOR, climb to 4700' on R 018° within 15 miles, make right turn and return to LBF VOR.

NOTE: Final approach from holding pattern at VOR not authorized. Procedure turn required.

CAUTION: Aircraft departing northbound or northwestbound should plan flight to avoid 3627' tower, 4.5 miles NNW of airport.

MSA within 25 miles of facility: 270°-090°—4700'; 090°-180°—4200'; 180°-270°—5400'.

City, North Platte; State, Nebr.; Airport name, Lee Bird Field (Municipal); Elev., 2779'; Fac. Class., L-BVORTAC; Ident., LBF; Procedure No. VOR Runway 35, Amdt. 11; Eff. date, 9 Dec. 67; Sup. Amdt. No. VOR 1, Amdt. 10; Dated, 8 Oct. 66

VOR STANDARD INSTRUMENT APPROACH PROCEDURE—Continued

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less		More than 2-engine, more than 65 knots
					65 knots or less	More than 65 knots	
R 161°, DAB VOR clockwise.....	R 256°.....	Via 8-mile DME Arc.....	1500	T-dn.....	300-1	300-1	300-1½
R 360°, DAB VOR counterclockwise.....	R 256°.....	Via 8-mile DME Arc.....	1500	C-dn.....	300-1	300-1	300-1½
8-mile DME Fix, R 256°, DAB VOR.....	Korona VHF/LF/DME Fix (final).....	Via R 256°.....	529	S-dn-8½.....	300-1	300-1	300-1
				A-dn.....	NA	NA	NA
				LF/DME minimums:			
				S-dn-8.....	400-1	400-1	400-1

Procedure turn N side of crs, 256° Outbd, 076° Inbd, 1500' within 10 miles.  
Minimum altitude over Korona VHF/LF/DME Fix on final approach crs, 529'.  
Crs and distance, Korona VHF/LF/DME Fix to airport, 076°—3 miles. Breakoff point to runway, 076°—0.7 mile.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 8 mile of Daytona Beach VORTAC, make left-climbing turn to 1500' on R 360° of DAB VORTAC within 15 miles.  
NOTE: Use Daytona Beach altimeter setting.  
Reduction below ½ mile not authorized.  
MSA within 25 miles of facility: 000°-090°—1300'; 090°-180°—1500'; 180°-270°—2100'; 270°-360°—1400'.

City, Ormond Beach; State, Fla.; Airport name, Municipal; Elev., 29'; Fac. Class., II-BVORTAC; Ident., DAB; Procedure No. VOR Runway 8, Amdt. 1; Eff. date, 9 Dec. 67; Sup. Amdt. No. VOR Runway 8, Orig.; Dated, 20 July 67

PROCEDURE CANCELED, EFFECTIVE 9 DEC. 1967.

City, Roswell; State, N. Mex.; Airport name, Roswell Municipal; Elev., 3623'; Fac. Class., II-BVORTAC; Ident., ROW; Procedure No. VOR Runway 3, Amdt. 7; Eff. date, 30 Mar. 67; Sup. Amdt. No. VOR 1, Amdt. 6; Dated, 17 July 65

3. By amending the following very high frequency omnirange—distance measuring equipment (VOR/DME) procedures prescribed in § 97.15 to read:

VOR-DME STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If an instrument approach procedure of the above type is conducted at the below named airport, it shall be in accordance with the following instrument approach procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of the Federal Aviation Agency. Initial approaches shall be made over specified routes. Minimum altitudes shall correspond with those established for en route operation in the particular area or as set forth below.

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less		More than 2-engine, more than 65 knots
					65 knots or less	More than 65 knots	
Pine Bluff VORTAC, R 000° clockwise.....	Pine Bluff VORTAC, R 180°.....	Via 12-mile DME Arc.....	1800	T-dn.....	300-1	300-1	300-1½
Pine Bluff VORTAC, R 276° counter-clockwise.....	Pine Bluff VORTAC, R 180°.....	Via 12-mile DME Arc.....	1800	C-dn.....	400-1	500-1	500-1½
12-mile DME Fix, R 180°.....	9-mile DME Fix, R 180° (final).....	Direct.....	1200	S-dn-35.....	400-1	400-1	400-1
				A-dn.....	800-2	800-2	800-2

Procedure turn W side of crs, 180° Outbd, 360° Inbd, 180' within 10 miles of 9-mile DME Fix PBF, R 180°.  
Minimum altitude over 9-mile DME Fix on final approach crs, 1200'.  
Crs and distance, 9-mile DME Fix to airport, 360°—4.3 miles.  
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 4.3 miles after passing the 9-mile DME Fix, climb to 1500' direct to PBF VORTAC.  
MSA within 25 miles of facility: 000°-270°—1700'; 270°-360°—3300'.

City, Pine Bluff; State, Ark.; Airport name, Grider Field; Elev., 205'; Fac. Class., I-BVORTAC; Ident., PBF; Procedure No. VOR/DME Runway 35, Amdt. Orig.; Eff. date, 7 Dec. 67

## 4. By amending the following instrument landing system procedures prescribed in § 97.17 to read:

## ILS STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If an instrument approach procedure of the above type is conducted at the below named airport, it shall be in accordance with the following instrument approach procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of the Federal Aviation Agency. Initial approaches shall be made over specified routes. Minimum altitudes shall correspond with those established for en route operation in the particular area or as set forth below.

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less		More than 2-engine, more than 65 knots
					65 knots or less	More than 65 knots	
MKE VOR	LOM	Direct	2500	T-dn**	300-1	300-1	300-1½
Big Bend Int.	LOM	Direct	2500	C-dn	300-1	300-1	300-1½
Racine Int.	LOM	Direct	2500	S-dn-1*	300-1½	300-1½	300-1½
Cardinal Int.	LOM	Direct	2700	A-dn	600-2	600-2	600-2
Wind Lake Int.	LOM	Direct	2500				
Hortlick Int.	LOM	Direct	2500				
Oakwood Int.	LOM (final)	Direct	2500				

Radar available.

Procedure turn E side S crs, 186° Outbnd, 000° Inbnd, 2500' within 10 miles.

Minimum altitude at glide slope interception Inbnd, 2500'.

Altitude of glide slope and distance to approach end of runway at OM, 2370'—5.5 miles; at MM, 919'—0.6 mile.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished climb to 2700' on N crs of ILS and proceed direct to the Cardinal Int. or, when directed by ATC, climb to 2600' and intercept R 110° MKE VOR and proceed to MKE VOR.

NOTE: Runway 1 LOM named METRO.

\*RVR (2400'). Descent below 922' not authorized unless approach lights are visible.

\*\*RVR (2400') authorized Runway (1).

3400-1½ required when glide slope not utilized and 400-1½ authorized with operative ALS except for 4-engine turbojets.

MSA within 25 miles of LOM: 090°-270°—2200'; 270°-090°—2800'.

City, Milwaukee; State, Wis.; Airport name, General Mitchell Field; Elev., 722'; Fac. Class., ILS; Ident., I-MKE; Procedure No. ILS Runway 1, Amdt. 23; Ed. date, 9 Dec. 67; Sup. Amdt. No. ILS-1, Amdt. 22; Dated, 3 Dec. 66

Cardinal Int.	LM LOM	Direct	2000	T-dn#	300-1	300-1	300-1½
St. Paul Int.	LM LOM (final)	Via, STL, R 277 and NW crs LMR ILS.	2000	C-dn	300-1	300-1	300-1½
				S-dn-12R@	400-1	400-1	400-1
				A-dn	600-2	600-2	600-2
STL VOR	LM LOM	Direct	2000				
Lake RBN	LM LOM	Direct	2000				
ST LOM	LM LOM	Direct	2000				
Stanton Int.	LM LOM	Direct	2000				
Barracks Int.	LM LOM	Direct	2000				
Maryland Heights VOR	LM LOM	Direct	2200				
Imperial Int.	LM LOM	Direct	2000				
Mounds Int.	LM LOM	Direct	2100				

Radar available.

Procedure turn N side of crs, 297° Outbnd, 117° Inbnd, 2000' within 10 miles.

Minimum altitude over LOM on final approach crs, 2000'.

Crs and distance, LOM to airport, 117°—5.3 miles.

No glide slope.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 5.3 miles after passing LM LOM, proceed to MTS VOR via Cardinal Int. climbing to 2400' or, when directed by ATC, proceed to ST LOM via Cardinal Int. climbing to 1900'.

CAUTION: Vehicular traffic crossing perpendicular to approach crs and extending above ALS 900' from threshold Runway 12R.

#RVR 2400' authorized Runway 24.

@Reduction not authorized.

MSA within 25 miles of LM LOM: 000°-090°—2100'; 090°-180°—2700'; 180°-270°—2200'; 270°-360°—2200'.

City, St. Louis; State, Mo.; Airport name, Lambert-St. Louis Municipal; Elev., 571'; Fac. Class., ILS; Ident., I-LMR; Procedure No. ILS Runway 12R, Amdt. 4; Ed. date 9 Dec. 67; Sup. Amdt. No. ILS-12R, Amdt. 3; Dated, 17 Sept. 66

Sweet Valley Int.	CYE RBN	Direct	3800	T-dn#	600-1	600-1	600-1
Thornhurst VOR	CYE RBN	Direct	3800	C-dn*	1000-1½	1000-1½	1000-2
Effort Int.	CYE RBN	Direct	3800	S-dn-4	600-1	600-1	600-1
Pocono Int.	CYE RBN	Direct	3800	A-dn	1200-2	1200-2	1200-2
Scranton Int.	CYE RBN	Direct	4000	With glide slope inoperative:			
Lopes Int.	CYE RBN	Direct	3800	S-dn-4**	1000-1½	1000-1½	1000-2
Hazleton VOR	CYE RBN	Direct	3800				

Radar available.

Procedure turn W side SW crs, 223° Outbnd, 043° Inbnd, 3800' within 10 miles of Crystal Lake RBN.

Minimum altitude at glide slope interception Inbnd final, 3775' over Crystal Lake RBN.

Altitude of glide slope intercept and distance to approach end of runway at CYE RBN, 3775'—8.6 miles; at OM, 2229'—3.9 miles; at MM, 1177'—0.6.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 3.9 miles after passing AV LOM or 8.6 miles after passing Crystal Lake RBN, climb to 3800' on crs 043° from the AV LOM, climbing right turn to 4000' direct to Lake Henry VOR. Hold E, 1-minute right turns, Inbnd crs 26° or, when directed by ATC, climb to 3800' on crs 043° from the LOM, left turn direct Crystal Lake RBN, hold SW, 1-minute left turns, Inbnd crs, 043°.

NOTES: (1) This approach is authorized only when Crystal Lake Radio Beacon is operating, or when Radar is utilized. (2) High terrain to 1820' E, SE, and S of airport within 2.3 miles. (3) \*Circling approaches are prohibited in that area SE of Runways 4/22 centerline extended. (4) Back crs unusable. (5) Glide slope unusable below 1550'. (6) Reduction not authorized.

#Takeoff minimums for Runways 10 and 16: Day—600-2, night—800-2.

\*\*Maintain 2600' until past LOM.

MSA within 25 miles of AV LOM: 000°-090°—3800'; 090°-180°—3600'; 180°-270°—3600'; 270°-360°—3700'.

City, Wilkes-Barre-Scranton; State, Pa.; Airport name, Wilkes-Barre-Scranton; Elev., 956'; Fac. Class., ILS; Ident., I-AVP; Procedure No. ILS Runway 4, Amdt. 21; Ed. date, 7 Dec. 67; Sup. Amdt. No. ILS Runway 4, Amdt. 20; Dated, 15 July 67

5. By amending the following radar procedures prescribed in § 97.19 to read:

RADAR STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet, MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If a radar instrument approach is conducted at the below named airport, it shall be in accordance with the following instrument procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of the Federal Aviation Agency. Initial approaches shall be made over specified routes. Minimum altitude(s) shall correspond with those established for en route operation in the particular area or as set forth below. Positive identification must be established with the radar controller. From initial contact with radar to final authorized landing minimums, the instructions of the radar controller are mandatory except when (A) visual contact is established on final approach at or before descent to the authorized landing minimums, or (B) at pilot's discretion if it appears desirable to discontinue the approach, except when the radar controller may direct otherwise prior to final approach, a missed approach shall be executed as provided below when (A) communication on final approach is lost for more than 5 seconds during a precision approach, or for more than 30 seconds during a surveillance approach; (B) directed by radar controller; (C) visual contact is not established upon descent to authorized landing minimums; or (D) if landing is not accomplished.

Transition		Course and distance	Minimum altitude (feet)	Condition	Ceiling and visibility minimums		
From—	To—				2-engine or less	More than 2-engine, more than 65 knots	
					65 knots or less	More than 65 knots	

PROCEDURE CANCELED, EFFECTIVE 9 DEC. 1967.

City, Shemya; State, Alaska; Airport name, Shemya AFS; Elev., 98'; Fac. Class. and Ident., Shemya Radar; Procedure No. 1, Amdt. 1; Eff. date, 14 Oct. 67; Sup. Amdt. No. 1, Orig.; Dated, 23 Feb. 67

RADAR STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet, MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If a radar instrument approach is conducted at the below named airport, it shall be in accordance with the following instrument procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of the Federal Aviation Agency. Initial approaches shall be made over specified routes. Minimum altitude(s) shall correspond with those established for en route operation in the particular area or as set forth below. Positive identification must be established with the radar controller. From initial contact with radar to final authorized landing minimums, the instructions of the radar controller are mandatory except when (A) visual contact is established on final approach at or before descent to the authorized landing minimums, or (B) at pilot's discretion if it appears desirable to discontinue the approach, except when the radar controller may direct otherwise prior to final approach, a missed approach shall be executed as provided below when (A) communication on final approach is lost for more than 5 seconds during a precision approach, or for more than 30 seconds during a surveillance approach; (B) directed by radar controller; (C) visual contact is not established upon descent to authorized landing minimums; or (D) if landing is not accomplished.

Radar terminal area maneuvering sectors and altitudes														Ceiling and visibility minimums		
From	To	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Condition	2-engine or less	More than 2-engine, more than 65 knots
															65 knots or less	More than 65 knots
070°	210°	20	7600	15	7100									Surveillance approach		
210°	350°	20	4100	15	3700										600-1	600-1
350°	070°	20	5100	15	4600										1300-1½	1300-2
All quadrants						10	3500									NA
090°	220°							5	3200						NA	NA
220°	090°							5	3000							NA

Radar site located on Wilkes-Barre-Scranton Airport.

Minimum altitude over 12-mile Radar Fix on final approach crs, 4200'; over 6-mile Radar Fix, 2400'.

Crs and distance, 6-mile Radar Fix to airport, 043°—6 miles.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished, make right-climbing turn intercept LHY VOR R 245°, proceed to LHY VOR climbing to 4000'. Hold E, 1-minute right turns, inbound crs, 268°.

CAUTION: 1700' terrain within 2 miles of airport to W, NW, and N.

City, Wilkes-Barre; State, Pa.; Airport name, Wilkes-Barre-Wyoming Valley; Elev., 546'; Fac. Class. and Ident., Wilkes-Barre Radar; Procedure No. 1, Amdt. Orig.; Eff. date, 7 Dec. 67

Radar terminal area maneuvering sectors and altitudes														Ceiling and visibility minimums		
From	To	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Condition	2-engine or less	More than 2-engine, more than 65 knots
															65 knots or less	More than 65 knots
070°	210°	20	7600	15	7100									Surveillance approach		
210°	350°	20	4100	15	3700										600-1	600-1
350°	070°	20	5100	15	4600										1000-1½	1000-1½
All quadrants						10	3500									1000-1½
090°	220°							5	3200						900-1	900-1
220°	090°							5	3000						1200-2	1200-2

Runway 22—Climb to 2600' direct to Crystal Lake RBN. Hold SW, 1-minute left turns, inbound crs, 043°.

Runway 4—Climb to 3000' on crs 043° from AV LOM, climbing right turn to 4000' direct to Lake Henry VOR. Hold E, 1-minute right turns, inbound crs, 268°.

Runway 10—Immediate climbing left turn intercept a crs of 043°, from AV LOM climb to 3000' on crs 043°, climbing, right turn to 4000' direct to Lake Henry VOR. Hold E, 1-minute right turns, inbound crs, 268°.

Notes: (1) High terrain to 1830', E, SE, and S of airport within 2.3 miles. (2) \*Circling approaches are prohibited in that area SE of Runways 4/22 centerlines extended.

(3) \*Takeoff minimums for Runways 10 and 16, 600-2 day, 800-2 night. (4) Reduction not authorized.

City, Wilkes-Barre-Scranton; State, Pa.; Airport name, Wilkes-Barre-Scranton; Elev., 956'; Fac. Class. and Ident., Wilkes-Barre Radar; Procedure No. 1, Amdt. 4; Eff. date, 7 Dec. 67; Sup. Amdt. No. 1, Amdt. 3; Dated, 5 Feb. 66

These procedures shall become effective on the dates specified therein.

(Secs. 307(c), 313(a) 601 of the Federal Aviation Act of 1958; (49 U.S.C. 1348(c), 1354(a), 1421; 72 Stat. 749, 752, 775)

Issued in Washington, D.C., on November 1, 1967.

JAMES F. RUDOLPH,  
Director, Flight Standards Service.

[P.R. Doc. 67-13186; Filed, Nov. 16, 1967; 8:51 a.m.]

Subchapter I—Airports  
[Docket No. 8536; Amdt. 157-1]

## PART 157—NOTICE OF CONSTRUCTION, ALTERATION, ACTIVATION, AND DEACTIVATION OF AIRPORTS

### Revision of Notice Form

The purpose of this amendment is to revise the references to the form on which notices of proposed landing areas are filed to reflect the new form number that has been adopted.

The FAA adopted Form 7480-1 entitled Notice of Landing Area Proposal to replace Form 2681. This new form more adequately reflects informational requirements concerning proposed landing areas. Reference is made to Form FAA 2681 in several places throughout § 157.5, therefore an amendment is required to revise the references to this notice form.

Since this amendment involves procedural information, notice and public procedure thereon are unnecessary, and it may be made effective in less than 30 days.

In consideration thereof, § 157.5 of the Federal Aviation Regulations is amended, effective November 17, 1967, by deleting "Form FAA 2681", wherever it appears and substituting therefor "FAA Form 7480-1."

(Secs. 309, 313(a), Federal Aviation Act of 1958; 49 U.S.C. 1350, 1354)

Issued in Washington, D.C., on November 13, 1967.

WILLIAM F. MCKEE,  
Administrator.

[F.R. Doc. 67-13535; Filed, Nov. 16, 1967; 8:48 a.m.]

## Title 15—COMMERCE AND FOREIGN TRADE

### Subtitle A—Office of the Secretary of Commerce

## PART 13—PROCEDURES RELATING TO REVIEWS BY THE SECRETARY OF COMMERCE

Subtitle A of Title 15 of the Code of Federal Regulations is amended by adding a new Part 13, reading as follows:

- Sec.  
13.1 Purpose.  
13.2 Provisions of law.  
13.3 Petition for issuance or review of a rule.  
13.4 Petition procedures.  
13.5 Hearing on petition.  
13.6 Notice of action taken on petition.

**AUTHORITY:** The provisions of this Part 13 issued under 80 Stat. 1521, 19 U.S.C. 1202, as amended.

### § 13.1 Purpose.

The purpose of this part is to set forth review procedures for rules of general applicability issued jointly by the Secretaries of Commerce and the Interior under Public Law 89-805, 19 U.S.C. 1202, which established a limitation on the number of watches and watch move-

ments containing foreign components which may be imported duty-free from insular possessions of the United States.

### § 13.2 Provisions of law.

Title 19, U.S.C. § 1202, as amended, provides in part that,

The Secretary of the Interior and the Secretary of Commerce, acting jointly, shall allocate on a fair and equitable basis among producers of watches and watch movements located in the Virgin Islands, Guam, and American Samoa the quotas for each calendar year \* \* \* for articles which are the product of the Virgin Islands, Guam, and American Samoa, respectively. Allocations made by the Secretaries shall be final. The Secretaries are authorized to issue such regulations as they determine necessary to carry out their duties under this paragraph.

### § 13.3 Petition for issuance or review of a rule.

Any interested party has the right to petition for the issuance of a rule, or the amendment or repeal of a rule issued by the Departments of Commerce and the Interior, which is of general application to watch producers located in the insular possessions of the United States.

### § 13.4 Petition procedures.

(a) All petitions shall be addressed to the two Secretaries and filed in two originals and four copies with the Business and Defense Services Administration, U.S. Department of Commerce, Washington, D.C. 20230, Attention: Scientific, Photographic and Business Equipment Division.

(b) All papers presented to the Secretaries shall bear on the cover the name and post office address of the petitioner and the name and address of the principal attorney, or authorized representative (if any) for the party concerned. Such papers shall contain the following in the order here indicated:

- (1) A reference to the general rule which is the subject of the petition.
- (2) A concise statement of the interest of the party submitting the petition.
- (3) A listing of each of the grounds relied upon by the party submitting the petition.
- (4) The argument generally amplifying the material in subparagraph (3) of this paragraph and exhibiting clearly the points of law, policy and fact being presented. In cases where policy error is contended, it should be pointed out what policy of the Secretaries is alleged to be wrong, what is wrong with it and what policy the submitting party advocates as the correct one.
- (5) A conclusion specifying with particularity the action which the submitting party believes the Secretaries should take.

### § 13.5 Hearing on petition.

The Secretaries may in their discretion schedule a hearing and may invite the participation of other interested parties when they deem it desirable.

### § 13.6 Notice of action taken on petition.

Prompt notice of action on a petition will be communicated to the party by

registered mail, together with a statement of the grounds therefor.

Effective date: November 13, 1967.

LAWRENCE C. MCQUADE,  
Assistant Secretary for Domestic and International Business.

[F.R. Doc. 67-13540; Filed, Nov. 16, 1967; 8:48 a.m.]

## Title 23—HIGHWAYS AND VEHICLES

### Chapter II—Vehicle and Highway Safety

#### SUBCHAPTER B—PROCEDURAL RULES

## PART 216—RULE-MAKING PROCEDURES: MOTOR VEHICLE SAFETY STANDARDS

This amendment revokes "Part 215—Rule-Making; Initial Safety Standards," 31 F.R. 13127, as amended, in 31 F.R. 15197, 32 F.R. 976, 32 F.R. 5832, and 32 F.R. 13000, and adds a new Part 216—"Rule-Making Procedures: Motor Vehicle Safety Standards" to the regulations of the Federal Highway Administration.

The purpose of this part is to describe the procedures applicable to the Federal Highway Administration in prescribing public rules for motor vehicle safety standards and to provide for appropriate participation by interested persons.

The new part provides for general notices of proposed rule making, to be published in the FEDERAL REGISTER, except in cases where the Administration finds that notice is impractical, unnecessary or contrary to the public interest. The new part also provides for petitions for extension of time to comment on notices of proposed rule making, petitions for reconsideration, and petitions for proposed rule making.

Sections 556 and 557 of Title 5, United States Code (formerly sections 7 and 8 of the Administrative Procedure Act), do not apply to rule making under this part. Consequently, hearings are not a required part of the rule-making procedure. However, hearings may be held, whenever it is considered necessary and desirable. Unless otherwise specified, any hearing held would be nonadversary, with no formal pleadings and no adverse party. A rule issued after such hearing would not necessarily be based exclusively on the record of the hearing.

All final rules will be published in the FEDERAL REGISTER, unless, in accordance with section 552(a) of Title 5, United States Code, actual and timely notice has been given to all persons subject to it.

Since this amendment relates to Federal Highway Administration organization, procedures, and practices, notice and public procedure hereon is not necessary and it may be made effective in less than thirty (30) days after publication in the FEDERAL REGISTER.

This amendment is made under the authority of sections 103 and 119 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1407), and the delegation of authority of October 14, 1967 (32 F.R. 14277).

In consideration of the foregoing, Title 23 of the Code of Federal Regulations is amended by deleting Part 215 and adding the following new Part 216—"Rule-Making Procedures: Motor Vehicle Safety Standards" effective November 17, 1967.

Issued in Washington, D.C., on November 9, 1967.

LOWELL K. BRIDWELL,  
Federal Highway Administrator.

Subpart A—General

- Sec. 216.1 Applicability.
- 216.3 Definitions.
- 216.5 Regulatory docket.
- 216.7 Records.

Subpart B—Procedures for Adoption of Rules Under Sections 103 and 119 of the Act

- 216.11 General.
- 216.13 Initiation of rule making.
- 216.15 Contents of notices of proposed rule making.
- 216.17 Participation of interested persons.
- 216.19 Petitions for extension of time to comment.
- 216.21 Contents of written comments.
- 216.23 Consideration of comments received.
- 216.25 Additional rule-making proceedings.
- 216.27 Hearings.
- 216.29 Adoption of final rules.
- 216.31 Petitions for rule making.
- 216.33 Processing of petitions.
- 216.35 Petitions for reconsideration.
- 216.37 Proceedings on petitions for reconsideration.

**AUTHORITY:** The provisions of this Part 216 issued under secs. 103 and 119, National Traffic and Motor Vehicle Safety Act of 1966, 15 U.S.C. 1407; and the delegation of authority of Oct. 14, 1967 (32 F.R. 14277).

Subpart A—General

§ 216.1 Applicability.

The part prescribes rule-making procedures that apply to the issue, amendment, and revocation of rules under sections 103 and 119 of the National Traffic and Motor Vehicle Safety Act of 1966.

§ 216.3 Definitions.

"Act" means the National Traffic and Motor Vehicle Safety Act of 1966, P.L. 89-563, 15 U.S.C. 1391, et seq.

"Administrator" means the Administrator of the Federal Highway Administration or a person to whom he has delegated final authority in the matter concerned.

"Rule" includes any order, regulation, or Federal motor vehicle safety standard issued under the Act.

§ 216.5 Regulatory docket.

(a) Information and data deemed relevant by the Administrator of the Federal Highway Administration relating to rule-making actions, including notices of proposed rule making; comments received in response to notices; petitions for rule making and reconsideration; denials of petitions for rule making and reconsideration; records of additional rule-making proceedings under § 216.25;

and final rules are maintained in the Central File Room—Room 401, Federal Highway Administration, Donohoe Building, Sixth and D Streets SW., Washington, D.C. 20591.

(b) Any person may examine any docketed material at the Central File Room at any time during regular business hours after the docket is established, except material ordered withheld from the public under sections 112 and 113 of the Act (15 U.S.C. 1401, 1402) and section 552(b) of Title 5 of the United States Code, and may obtain a copy of it upon payment of a fee.

§ 216.7 Records.

Records of the Federal Highway Administration relating to rule-making proceedings are available for inspection as provided in section 552(b) of Title 5 of the United States Code and Part 7 of the Regulations of the Secretary of Transportation (49 CFR Part 7; 32 F.R. 9284, et seq.).

Subpart B—Procedures for Adoption of Rules Under Sections 103 and 119 of the Act

§ 216.11 General.

Unless the Administrator, for good cause, finds that notice is impracticable, unnecessary, or contrary to the public interest, and incorporates that finding and a brief statement of the reasons for it in the rule, a notice of proposed rule making is issued and interested persons are invited to participate in the rule-making proceedings involving rules under sections 103 and 119 of the Act.

§ 216.13 Initiation of rule making.

The Administrator initiates rule making on his own motion. However, in so doing, he may, in his discretion, consider the recommendations of other agencies of the United States or of other interested persons.

§ 216.15 Contents of notices of proposed rule making.

(a) Each notice of proposed rule making is published in the FEDERAL REGISTER, unless all persons subject to it are named and are personally served with a copy of it.

(b) Each notice, whether published in the FEDERAL REGISTER or personally served, includes—

- (1) A statement of the time, place, and nature of the proposed rule-making proceeding;
- (2) A reference to the authority under which it is issued;
- (3) A description of the subjects and issues involved or the substance and terms of the proposed rule;
- (4) A statement of the time within which written comments must be submitted; and
- (5) A statement of how and to what extent interested persons may participate in the proceeding.

§ 216.17 Participation by interested persons.

(a) Any interested person may participate in rule-making proceeding by

submitting comments in writing containing information, views or arguments.

(b) In his discretion, the Administrator may invite any interested person to participate in the rule-making procedures described in § 216.25.

§ 216.19 Petitions for extension of time to comment.

A petition for extension of the time to submit comments must be received in duplicate not later than three (3) days before expiration of the time stated in the notice. The filing of the petition does not automatically extend the time for petitioner's comments. Such a petition is granted only if the petitioner shows good cause for the extension, and if the extension is consistent with the public interest. If an extension is granted, it is granted to all persons, and it is published in the FEDERAL REGISTER.

§ 216.21 Contents of written comments.

All written comments must be in English and submitted in twenty (20) legible copies, unless fewer copies are specified in the notice. Any interested person must submit as part of his written comments all the material that he considers relevant to any statement of fact made by him. Incorporation of material by reference is to be avoided. However, if such incorporation is necessary, the incorporated material shall be identified with respect to document and page.

§ 216.23 Consideration of comments received.

All timely comments are considered before final action is taken on a rule-making proposal. Late filed comments may be considered as far as practicable.

§ 216.25 Additional rule-making proceedings.

The Administrator may initiate any further rule-making proceedings that he finds necessary or desirable. For example, interested persons may be invited to make oral arguments, to participate in conferences between the Administrator or his representative and interested persons at which minutes of the conference are kept, to appear at informal hearings presided over by officials designated by the Administrator at which a transcript or minutes are kept, or participate in any other proceeding to assure informed administrative action and to protect the public interest.

§ 216.27 Hearings.

(a) Sections 556 and 557 of Title 5, United States Code, do not apply to hearings held under this part. Unless otherwise specified, hearings held under this part are informal, nonadversary, fact finding proceedings, at which there are no formal pleadings or adverse parties. Any rule issued in a case in which an informal hearing is held is not necessarily based exclusively on the record of the hearing.

(b) The Administrator designates a representative to conduct any hearing held under this part. The Chief Counsel of the Federal Highway Administration designates a member of his staff to serve as legal officer at the hearing.

**§ 216.29 Adoption of final rules.**

Final rules are prepared by representatives of the office concerned and the Office of the Chief Counsel. The rule is then submitted to the Administrator for his consideration. If the Administrator adopts the rule, it is published in the *FEDERAL REGISTER*, unless all persons subject to it are named and are personally served with a copy of it.

**§ 216.31 Petitions for rule making.**

(a) Any interested person may petition the Administrator to establish, amend, or repeal a rule.

(b) Each petition filed under this section must—

(1) Be submitted in duplicate to the Docket Clerk, Central File Room—Room 401, Federal Highway Administration, Donohoe Building, Sixth and D Streets SW., Washington, D.C. 20591;

(2) Set forth the text or substance of the rule or amendment proposed, or specify the rule that the petitioner seeks to have repealed, as the case may be;

(3) Explain the interest of the petitioner in the action requested;

(4) Contain any information and arguments available to the petitioner to support the action sought.

**§ 216.33 Processing of petition.**

(a) *General.* Each petition received under § 216.31 is referred to the Director of the Bureau. Unless the Administrator otherwise specifies, no public hearing, argument, or other proceeding is held directly on a petition before its disposition under this section.

(b) *Grants.* If the Administrator determines that the petition contains adequate justification, he initiates rule-making action under this Subpart B.

(c) *Denials.* If the Administrator determines that the petition does not justify rule making, he denies the petition.

(d) *Notification.* Whenever the Administrator determines that a petition should be granted or denied, the Office of the Chief Counsel prepares a notice of that grant or denial for issuance to the petitioner, and the Administrator issues it to the petitioner.

**§ 216.35 Petitions for reconsideration.**

(a) Any interested person may petition the Administrator for reconsideration of any rule issued under this part. The petition must be submitted in twenty (20) legible copies to the Docket Clerk, Central File Room—Room 401, Federal Highway Administration, Donohoe Building, Sixth and D Streets SW., Washington, D.C. 20591, and received not later than thirty (30) days after publication of the rule in the *FEDERAL REGISTER*. Petitions filed after that time will be considered as petitions filed under § 216.31. The petition must contain a brief statement of the complaint and an explanation as to why compliance with the rule is not practicable, is unreasonable, or is not in the public interest.

(b) If the petitioner requests the consideration of additional facts, he must state the reason they were not presented

to the Administrator within the prescribed time.

(c) The Administrator does not consider repetitious petitions.

(d) Unless the Administrator otherwise provides, the filing of a petition under this section does not stay the effectiveness of the rule.

**§ 216.37 Proceedings on petitions for reconsideration.**

The Administrator may grant or deny, in whole or in part, any petition for reconsideration without further proceedings. In the event he determines to reconsider any rule, he may issue a final decision on reconsideration without further proceedings, or he may provide such opportunity to submit comment or information and data as he deems appropriate. Whenever the Administrator determines that a petition should be granted or denied, he prepares a notice of the grant or denial of a petition for reconsideration, for issuance to the petitioner, and issues it to the petitioner. The Administrator may consolidate petitions relating to the same rule.

[F.R. Doc. 67-13542; Filed, Nov. 16, 1967; 8:48 a.m.]

**Title 26—INTERNAL REVENUE****Chapter I—Internal Revenue Service,  
Department of the Treasury****SUBCHAPTER A—INCOME TAX**

[T.D. 6935]

**PART 1—INCOME TAX; TAXABLE  
YEARS BEGINNING AFTER DECEMBER 31, 1953****Nontaxable Exchanges of Certain  
U.S. Obligations**

On August 24, 1967, notice of proposed rule making with respect to the amendment of the Income Tax Regulations (26 CFR Part 1) in order to conform the regulations to sections 102 and 201 of the Act of September 22, 1959 (Public Law 86-346, 73 Stat. 621, 622), relating to certain exchanges with the United States of obligations of the United States issued under the Second Liberty Bond Act, was published in the *FEDERAL REGISTER* (32 F.R. 12182). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the amendment of the regulations as proposed is hereby adopted.

(Sec. 7805 of the Internal Revenue Code of 1954; 68A Stat. 917; 26 U.S.C. 7805)

[SEAL] SHELDON S. COHEN,  
Commissioner of Internal Revenue.

Approved: November 13, 1967.

STANLEY S. SURREY,  
Assistant Secretary  
of the Treasury.

In order to conform the Income Tax Regulations (26 CFR Part 1) to sections 102 and 201 of the Act of September 22, 1959 (Public Law 86-346, 73 Stat. 621,

622), relating to certain exchanges with the United States of obligations of the United States issued under the Second Liberty Bond Act, such regulations are amended as follows, effective for taxable years ending after September 22, 1959:

PARAGRAPH 1. Section 1.454 is amended by revising section 454(c) and by adding an historical note as follows:

**§ 1.454 Statutory provisions; obligations issued at discount.**

SEC. 454. Obligations issued at discount.

(c) *Matured U.S. savings bonds.* In the case of a taxpayer who—

(1) Holds a series E U.S. savings bond at the date of maturity, and

(2) Pursuant to regulations prescribed under the Second Liberty Bond Act (A) retains his investment in such series E bond in an obligation of the United States, other than a current income obligation, or (B) exchanges such series E bond for another nontransferable obligation of the United States in an exchange upon which gain or loss is not recognized because of section 1037 (or so much of section 1031 as relates to section 1037), the increase in redemption value (to the extent not previously includible in gross income) in excess of the amount paid for such series E bond shall be includible in gross income in the taxable year in which the obligation is finally redeemed or in the taxable year of final maturity, whichever is earlier. This subsection shall not apply to a corporation, and shall not apply in the case of any taxable year for which the taxpayer's taxable income is computed under an accrual method of accounting or for which an election made by the taxpayer under subsection (a) applies.

[Sec. 454 as amended by sec. 102, Act of Sept. 22, 1959 (Pub. Law 86-346, 73 Stat. 621)]

PAR. 2. Section 1.454-1 is amended by revising paragraphs (a) and (c) to read as follows:

**§ 1.454-1 Obligations issued at discount.**

(a) *Non-interest-bearing obligations issued at discount.*—(1) *Election to include increase in income currently.* If a taxpayer owns—

(i) A non-interest-bearing obligation issued at a discount and redeemable for fixed amounts increasing at stated intervals, or

(ii) An obligation of the United States, other than a current income obligation, in which he retains his investment in a matured series E U.S. savings bond, or

(iii) A nontransferable obligation (whether or not a current income obligation) of the United States for which a series E U.S. savings bond was exchanged (whether or not at final maturity) in an exchange upon which gain is not recognized because of section 1037 (a) (or so much of section 1031(b) as relates to section 1037),

and if the increase, if any, in redemption price of such obligation described in subdivision (i), (ii), or (iii) of this subparagraph during the taxable year (as described in subparagraph (2) of this paragraph) does not constitute income for such year under the method of accounting used in computing his taxable income, then the taxpayer may, at his election, treat the increase as constituting income

for the year in which such increase occurs. If the election is not made and section 1037 (or so much of section 1031 as relates to section 1037) does not apply, the taxpayer shall treat the increase as constituting income for the year in which the obligation is redeemed or disposed of, or finally matures, whichever is earlier. Any such election must be made in the taxpayer's return and may be made for any taxable year. If an election is made with respect to any such obligation described in subdivision (i), (ii), or (iii) of this subparagraph, it shall apply also to all other obligations of the type described in such subdivisions owned by the taxpayer at the beginning of the first taxable year to which the election applies, and to those thereafter acquired by him, and shall be binding for the taxable year for which the return is filed and for all subsequent taxable years, unless the Commissioner permits the taxpayer to change to a different method of reporting income from such obligations. See section 446(e) and paragraph (e) of § 1.446-1, relating to requirement respecting a change of accounting method. Although the election once made is binding upon the taxpayer, it does not apply to a transferee of the taxpayer.

(2) *Amount of increase in case of non-interest-bearing obligations.* In any case in which an election is made under section 454, the amount which accrues in any taxable year to which the election applies is measured by the actual increase in the redemption price occurring in that year. This amount does not accrue ratably between the dates on which the redemption price changes. For example, if two dates on which the redemption price increases (February 1 and August 1) fall within a taxable year and if the redemption price increases in the amount of 50 cents on each such date, the amount accruing in that year would be \$1 (\$0.50 on February 1 and \$0.50 on August 1). If the taxpayer owns a non-interest-bearing obligation of the character described in subdivision (i), (ii), or (iii) of subparagraph (1) of this paragraph acquired prior to the first taxable year to which his election applies, he must also include in gross income for such first taxable year (i) the increase in the redemption price of such obligation occurring between the date of acquisition of the obligation and the first day of such first taxable year and (ii), in a case where a series E bond was exchanged for such obligation, the increase in the redemption price of such series E bond occurring between the date of acquisition of such series E bond and the date of the exchange.

(3) *Amount of increase in case of current income obligations.* If an election is made under section 454 and the taxpayer owns, at the beginning of the first taxable year to which the election applies, a current income obligation of the character described in subparagraph (1) (iii) of this paragraph acquired prior to such taxable year, he must also include in gross income for such first taxable year the increase in the redemption price of the series E bond which was surrendered to the United States in exchange for

such current income obligation; the amount of the increase is that occurring between the date of acquisition of the series E bond and the date of the exchange.

(4) *Illustrations.* The application of this paragraph may be illustrated by the following examples:

*Example (1).* Throughout the calendar year 1954, a taxpayer who uses the cash receipts and disbursements method of accounting holds series E U.S. savings bonds having a maturity value of \$5,000 and a redemption value at the beginning of the year 1954 of \$4,050 and at the end of the year 1954 of \$4,150. He purchased the bonds on January 1, 1949, for \$3,750, and holds no other obligation of the type described in this section. If the taxpayer exercises the election in his return for the calendar year 1954, he is required to include \$400 in taxable income with respect to such bonds. Of this amount, \$300 represents the increase in the redemption price before 1954 and \$100 represents the increase in the redemption price in 1954. The increases in redemption value occurring in subsequent taxable years are includible in gross income for such taxable years.

*Example (2).* In 1958 B, a taxpayer who uses the cash receipts and disbursements method of accounting and the calendar year as his taxable year, purchased for \$7,500 a series E United States savings bond with a face value of \$10,000. In 1965, when the stated redemption value of the series E bond is \$9,760, B surrenders it to the United States in exchange solely for a \$10,000 series H U.S. current income savings bond in an exchange qualifying under section 1037(a), after paying \$240 additional consideration. On the exchange of the series E bond for the series H bond in 1965, B realizes a gain of \$2,260 (\$9,760 less \$7,500), none of which is recognized for that year by reason of section 1037 (a). B retains the series H bond and redeems it at maturity in 1975 for \$10,000, but in 1966 he exercises the election under section 454(a) in his return for that year with respect to five series E bonds he purchased in 1960. B is required to include in gross income for 1966 the increase in redemption price occurring before 1966 and in 1966 with respect to the series E bonds purchased in 1960; he is also required to include in gross income for 1966 the \$2,260 increase in redemption price of the series E bond which was exchanged in 1965 for the series H bond.

(c) *Matured U.S. savings bonds—(1) Inclusion of increase in income upon redemption or final maturity.* If a taxpayer (other than a corporation) holds—

(i) A matured series E U.S. savings bond,

(ii) An obligation of the United States, other than a current income obligation, in which he retains his investment in a matured series E U.S. savings bond, or

(iii) A nontransferable obligation (whether or not a current income obligation) of the United States for which a series E U.S. savings bond was exchanged (whether or not at final maturity) in an exchange upon which gain is not recognized because of section 1037(a) (or so much of section 1031(b) as relates to section 1037(a)),

the increase in redemption price of the series E bond in excess of the amount paid for such series E bond shall be included in the gross income of such taxpayer for the taxable year in which the obligation described in subdivision (i),

(ii), or (iii) of this subparagraph is redeemed or disposed of, or finally matures, whichever is earlier, but only to the extent such increase has not previously been includible in the gross income of such taxpayer or any other taxpayer. If such obligation is partially redeemed before final maturity, or partially disposed of by being partially reissued to another owner, such increase in redemption price shall be included in the gross income of such taxpayer for such taxable year on a basis proportional to the total denomination of obligations redeemed or disposed of. The provisions of section 454 (c) and of this subparagraph shall not apply in the case of any taxable year for which the taxpayer's taxable income is computed under an accrual method of accounting or for a taxable year for which an election made by the taxpayer under section 454(a) and paragraph (a) of this section applies. For rules respecting the character of the gain realized upon the disposition or redemption of an obligation described in subdivision (iii) of this subparagraph, see paragraph (b) of § 1.1037-1.

(2) *Illustrations.* The application of this paragraph may be illustrated by the following examples, in which it is assumed that the taxpayer uses the cash receipts and disbursements method of accounting and the calendar year as his taxable year:

*Example (1).* On June 1, 1941, A purchased for \$375 a series E U.S. savings bond which was redeemable at maturity (10 years from issue date) for \$500. At maturity of the bond, A exercised the option of retaining the matured series E bond for the 10-year extended maturity period. On June 2, 1961, A redeemed the series E bond, at which time the stated redemption value was \$674.60. A never elected under section 454(a) to include the annual increase in redemption price in gross income currently. Under section 454(c), A is required to include \$299.60 (\$674.60 less \$375) in gross income for 1961 by reason of his redemption of the bond.

*Example (2).* The facts are the same as in example (2) in paragraph (a)(4) of this section. On redemption of the series H bond received in the exchange qualifying under section 1037(a), B realizes a gain of \$2,260, determined as provided in example (5) in paragraph (b)(4) of § 1.1037-1. None of this amount is includible in B's gross income for 1975, such amount having already been includible in his gross income for 1966 because of his election under section 454(a).

*Example (3).* C, who had elected under section 454(a) to include the annual increase in the redemption price of his non-interest-bearing obligations in gross income currently, owned a \$1,000 series E U.S. savings bond, which was purchased on October 1, 1949, for \$750. C died on February 1, 1955, when the redemption value of the bond was \$820. The bond was immediately reissued to D, his only heir, who has not made an election under section 454(a). On January 15, 1960, when the redemption value of the bond is \$1,000, D surrenders it to the United States in exchange solely for a \$1,000 series H U.S. savings bond in an exchange qualifying under the provisions of section 1037(a). For 1960 D properly does not return any income from the exchange of bonds, although he returns the interest payments on the series H bond for the taxable years in which they are received. On September 1, 1964, prior to maturity of the series H bond, D redeems it for \$1,000. For 1964, D must include \$180 in

gross income under section 454(c) from the redemption of the series H bond, that is, the amount of the increase in the redemption price of the series E bond (\$1,000 less \$820) occurring between February 1, 1955, and January 15, 1960, the period during which he owned the series E bond.

PAR. 3. Section 1.1031(a)-1 is amended by revising paragraph (d) to read as follows:

**§ 1.1031(a)-1 Property held for productive use in trade or business or for investment.**

(d) Gain or loss is recognized if, for instance, a taxpayer exchanges (1) Treasury bonds maturing March 15, 1958, for Treasury bonds maturing December 15, 1968, unless section 1037(a) (or so much of section 1031 as relates to section 1037(a)) applies to such exchange, or (2) a real estate mortgage for consolidated farm loan bonds.

PAR. 4. Section 1.1031(b) is amended to read as follows:

**§ 1.1031(b) Statutory provisions; exchange of property held for productive use or investment; gain from exchanges not solely in kind.**

SEC. 1031. Exchange of property held for productive use or investment. . . .

(b) Gain from exchanges not solely in kind. If an exchange would be within the provisions of subsection (a), of section 1035 (a), of section 1036(a), or of section 1037(a), if it were not for the fact that the property received in exchange consists not only of property permitted by such provisions to be received without the recognition of gain, but also of other property or money, then the gain, if any, to the recipient shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property.

[Sec. 1031 (b) as amended by sec. 201(c), Act of Sept. 22, 1959 (Pub. Law 86-346, 73 Stat. 624)]

PAR. 5. Section 1.1031(b)-1 is amended by revising paragraphs (a) and (b) to read as follows:

**§ 1.1031(b)-1 Receipt of other property or money in tax-free exchange.**

(a) If the taxpayer receives other property (in addition to property permitted to be received without recognition of gain) or money—

(1) In an exchange described in section 1031(a) of property held for investment or productive use in trade or business for property of like kind to be held either for productive use or for investment,

(2) In an exchange described in section 1035(a) of insurance policies or annuity contracts,

(3) In an exchange described in section 1036(a) of common stock for common stock, or preferred stock for preferred stock, in the same corporation and not in connection with a corporate reorganization, or

(4) In an exchange described in section 1037(a) of obligations of the United States, issued under the Second Liberty Bond Act (31 U.S.C. 774 (2)), solely for other obligations issued under such Act, the gain, if any, to the taxpayer will be recognized under section 1031(b) in an

amount not in excess of the sum of the money and the fair market value of the other property, but the loss, if any, to the taxpayer from such an exchange will not be recognized under section 1031(c) to any extent.

(b) The application of this section may be illustrated by the following examples:

Example (1). A, who is not a dealer in real estate, in 1954 exchanges real estate held for investment, which he purchased in 1940 for \$5,000, for other real estate (to be held for productive use in trade or business) which has a fair market value of \$6,000, and \$2,000 in cash. The gain from the transaction is \$3,000, but is recognized only to the extent of the cash received of \$2,000.

Example (2). (a) B, who uses the cash receipts and disbursements method of accounting and the calendar year as his taxable year, has never elected under section 454(a) to include in gross income currently the annual increase in the redemption price of non-interest-bearing obligations issued at a discount. In 1943, for \$750 each, B purchased four \$1,000 series E U.S. savings bonds bearing an issue date of March 1, 1943.

(b) On October 1, 1963, the redemption value of each such bond was \$1,396, and the total redemption value of the four bonds was \$5,584. On that date B submitted the four \$1,000 series E bonds to the United States in a transaction in which one of such \$1,000 bonds was released by issuing four \$100 series E U.S. savings bonds bearing an issue date of March 1, 1943, and by considering six \$100 series E bonds bearing an issue date of March 1, 1943, to have been issued. The redemption value of each such \$100 series E bond was \$139.60 on October 1, 1963. Then, as part of the transaction, the six \$100 series E bonds so considered to have been issued and the three \$1,000 series E bonds were exchanged, in an exchange qualifying under section 1037(a), for five \$1,000 series H U.S. savings bonds plus \$25.60 in cash.

(c) The gain realized on the exchange qualifying under section 1037(a) is \$2,325.60, determined as follows:

Amount realized:	
Par value of five series H bonds	\$5,000.00
Cash received	25.60
Total realized	5,025.60
Less: Adjusted basis of series E bonds surrendered in the exchange:	
Three \$1,000 series E bonds	2,250.00
Six \$100 series E bonds at \$75 each	450.00
	2,700.00
Gain realized	2,325.60

(d) Pursuant to section 1031(b), only \$25.60 (the money received) of the total gain of \$2,325.60 realized on the exchange is recognized at the time of exchange and must be included in B's gross income for 1963. The \$2,300 balance of the gain (\$2,325.60 less \$25.60) must be included in B's gross income for the taxable year in which the series H bonds are redeemed or disposed of, or reach final maturity, whichever is earlier, as provided in paragraph (c) of § 1.1454-1.

(e) The gain on the four \$100 series E bonds, determined by using \$75 as a basis for each such bond, must be included in B's gross income for the taxable year in which such bonds are redeemed or disposed of, or reach final maturity, whichever is earlier.

Example (3). (a) The facts are the same as in example (2), except that, as part of the transaction, the \$1,000 series E bond is released by considering ten \$100 series E bonds

bearing an issue date of March 1, 1943, to have been issued. Six of the \$100 series E bonds so considered to have been issued are surrendered to the United States as part of the exchange qualifying under section 1037(a) and the other four are immediately redeemed.

(b) Pursuant to section 1031(b), only \$25.60 (the money received) of the total gain of \$2,325.60 realized on the exchange qualifying under section 1037(a) is recognized at the time of the exchange and must be included in B's gross income for 1963. The \$2,300 balance of the gain (\$2,325.60 less \$25.60) realized on such exchange must be included in B's gross income for the taxable year in which the series H bonds are redeemed or disposed of, or reach final maturity, whichever is earlier, as provided in paragraph (c) of § 1.1454-1.

(c) The redemption on October 1, 1963, of the four \$100 series E bonds considered to have been issued at such time results in gain of \$258.40, which is then recognized and must be included in B's gross income for 1963. This gain of \$258.40 is the difference between the \$558.40 redemption value of such bonds on the date of the exchange and the \$300 (4 × \$75) paid for such series E bonds in 1943.

Example (4). On November 1, 1963, C purchased for \$91 a marketable U.S. bond which was originally issued at its par value of \$100 under the Second Liberty Bond Act. On February 1, 1964, in an exchange qualifying under section 1037(a), C surrendered the bond to the United States for another marketable U.S. bond, which then had a fair market value of \$92, and \$1.85 in cash, \$0.85 of which was interest. The \$0.85 interest received is includible in gross income for the taxable year of the exchange, but the \$2 gain (\$93 less \$91) realized on the exchange is recognized for such year under section 1031 (b) to the extent of \$1 (the money received). Under section 1031(d), C's basis in the bond received in exchange is \$91 (his basis of \$91 in the bond surrendered, reduced by the \$1 money received and increased by the \$1 gain recognized).

PAR. 6. Section 1.1031(c) is amended to read as follows:

**§ 1.1031(c) Statutory provisions; exchange of property held for productive use or investment; loss from exchanges not solely in kind.**

SEC. 1031. Exchange of property held for productive use or investment. . . .

(c) Loss from exchanges not solely in kind. If an exchange would be within the provisions of subsection (a), of section 1035(a), of section 1036(a), or of section 1037(a), if it were not for the fact that the property received in exchange consists not only of property permitted by such provisions to be received without the recognition of gain or loss, but also of other property or money, then no loss from the exchange shall be recognized.

[Sec. 1031(c) as amended by sec. 201(d), Act of Sept. 22, 1959 (Pub. Law 86-346, 73 Stat. 624)]

PAR. 7. Section 1.1031(c)-1 is amended to read as follows:

**§ 1.1031(c)-1 Nonrecognition of loss.**

Section 1031(c) provides that a loss shall not be recognized from an exchange of property described in section 1031(a), 1035(a), 1036(a), or 1037(a) where there is received in the exchange other property or money in addition to property

permitted to be received without recognition of gain or loss. See example (4) of paragraph (a) (3) of § 1.1037-1 for an illustration of the application of this section in the case of an exchange of U.S. obligations described in section 1037(a).

PAR. 8. Section 1.1031(d) is amended to read as follows:

§ 1.1031(d) Statutory provisions; exchange of property held for productive use or investment; basis.

Sec. 1031 Exchange of property held for productive use or investment. \* \* \*

(d) Basis. If property was acquired on an exchange described in this section, section 1035(a), section 1036(a), or section 1037(a), then the basis shall be the same as that of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized on such exchange. If the property so acquired consisted in part of the type of property permitted by this section, section 1035(a), section 1036(a), or section 1037(a), to be received without the recognition of gain or loss, and in part of other property, the basis provided in this subsection shall be allocated between the properties (other than money) received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. For purposes of this section, section 1035(a), and section 1036(a), where as part of the consideration to the taxpayer another party to the exchange assumed a liability of the taxpayer or acquired from the taxpayer property subject to a liability, such assumption or acquisition (in the amount of the liability) shall be considered as money received by the taxpayer on the exchange.

[Sec. 1031(d) as amended by sec. 44, Technical Amendments Act 1958 (72 Stat. 1641); sec. 201(e), Act of Sept. 22, 1959 (Pub. Law 86-346, 73 Stat. 624)]

PAR. 9. Section 1.1031(d)-1 is amended by revising paragraph (a), the text of paragraph (b) preceding the example, the text of paragraph (c) preceding the example, paragraph (d), and the text of paragraph (e) preceding the example, to read as follows:

§ 1.1031(d)-1 Property acquired upon a tax-free exchange.

(a) If, in an exchange of property solely of the type described in section 1031, section 1035(a), section 1036(a), or section 1037(a), no part of the gain or loss was recognized under the law applicable to the year in which the exchange was made, the basis of the property acquired is the same as the basis of the property transferred by the taxpayer with proper adjustments to the date of the exchange. If additional consideration is given by the taxpayer in the exchange, the basis of the property acquired shall be the same as the property transferred increased by the amount of additional consideration given (see section 1016 and the regulations thereunder).

(b) If, in an exchange of properties of the type indicated in section 1031, section 1035(a), section 1036(a), or section 1037(a), gain to the taxpayer was recognized under the provisions of section 1031(b) or a similar provision of a prior

revenue law, on account of the receipt of money in the transaction, the basis of the property acquired is the basis of the property transferred (adjusted to the date of the exchange), decreased by the amount of money received and increased by the amount of gain recognized on the exchange. The application of this paragraph may be illustrated by the following example:

(c) If, upon an exchange of properties of the type described in section 1031, section 1035(a), section 1036(a), or section 1037(a), the taxpayer received other property (not permitted to be received without the recognition of gain) and gain from the transaction was recognized as required under section 1031(b), or a similar provision of a prior revenue law, the basis (adjusted to the date of the exchange) of the property transferred by the taxpayer, decreased by the amount of any money received and increased by the amount of gain recognized, must be allocated to and is the basis of the properties (other than money) received on the exchange. For the purpose of the allocation of the basis of the properties received, there must be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. The application of this paragraph may be illustrated by the following example:

(d) Section 1031(c) and, with respect to section 1031 and section 1036(a), similar provisions of prior revenue laws provide that no loss may be recognized on an exchange of properties of a type described in section 1031, section 1035(a), section 1036(a), or section 1037(a), although the taxpayer receives other property or money from the transaction. However, the basis of the property or properties (other than money) received by the taxpayer is the basis (adjusted to the date of the exchange) of the property transferred, decreased by the amount of money received. This basis must be allocated to the properties received, and for this purpose there must be allocated to such other property an amount of such basis equivalent to its fair market value at the date of the exchange.

(e) If, upon an exchange of properties of the type described in section 1031, section 1035(a), section 1036(a), or section 1037(a), the taxpayer also exchanged other property (not permitted to be transferred without the recognition of gain or loss) and gain or loss from the transaction is recognized under section 1002 or a similar provision of a prior revenue law, the basis of the property acquired is the total basis of the properties transferred (adjusted to the date of the exchange) increased by the amount of gain and decreased by the amount of loss recognized on the other property. For purposes of this rule, the taxpayer is deemed to have received in exchange for such other property an amount equal to its fair market value on the date of the exchange. The application

of this paragraph may be illustrated by the following example:

PAR. 10. There are inserted immediately after § 1.1036-1 the following new sections:

§ 1.1037 Statutory provisions; certain exchanges of United States obligations.

Sec. 1037. Certain exchanges of United States obligations—(a) General rule. When so provided by regulations promulgated by the Secretary in connection with the issue of obligations of the United States, no gain or loss shall be recognized on the surrender to the United States of obligations of the United States issued under the Second Liberty Bond Act in exchange solely for other obligations issued under such Act.

(b) Application of section 1232—(1) Exchanges involving obligations issued at a discount. In any case in which gain has been realized but not recognized because of the provisions of subsection (a) (or so much of section 1031(b) as relates to subsection (a) of this section), to the extent such gain is later recognized by reason of a disposition or redemption of an obligation received in an exchange subject to such provisions, the first sentence of section 1232(a) (2) (A) shall apply to such gain as though the obligation disposed of or redeemed were the obligation surrendered to the Government in the exchange rather than the obligation actually disposed of or redeemed. For purposes of this paragraph and section 1232, if the obligation surrendered in the exchange is a nontransferable obligation described in subsection (a) or (c) of section 454—

(A) The aggregate amount considered, with respect to the obligation surrendered, as gain from the sale or exchange of property which is not a capital asset shall not exceed the difference between the issue price and the stated redemption price which applies at the time of the exchange, and

(B) The issue price of the obligation received in the exchange shall be considered to be the stated redemption price of the obligation surrendered in the exchange, increased by the amount of other consideration (if any) paid to the United States as a part of the exchange.

(2) Exchanges of transferable obligations issued at not less than par. In any case in which subsection (a) (or so much of section 1031(b) or (c) as relates to subsection (a) of this section) has applied to the exchange of a transferable obligation which was issued at not less than par for another transferable obligation, the issue price of the obligation received from the Government in the exchange shall be considered for purposes of applying section 1232 to be the same as the issue price of the obligation surrendered to the Government in the exchange, increased by the amount of other consideration (if any) paid to the United States as a part of the exchange.

(c) Cross references. (1) For rules relating to the recognition of gain or loss in a case where subsection (a) would apply except for the fact that the exchange was not made solely for other obligations of the United States, see subsections (b) and (c) of section 1031.

(2) For rules relating to the basis of obligations of the United States acquired in an exchange for other obligations described in subsection (a), see subsection (d) of section 1031.

[Sec. 1037 as added by sec. 201(a), Act of Sept. 22, 1959 (Public Law 86-346, 73 Stat. 622)]

# § 1.1037-1 Certain exchanges of United States obligations.

(a) *Nonrecognition of gain or loss.*—(1) *In general.* Section 1037(a) provides for the nonrecognition of gain or loss on the surrender to the United States of obligations of the United States issued under the Second Liberty Bond Act (31 U.S.C. 774(2)) when such obligations are exchanged solely for other obligations issued under that Act and the Secretary provides by regulations promulgated in connection with the issue of such other obligations that gain or loss is not to be recognized on such exchange. It is not necessary that at the time of the exchange the obligation which is surrendered to the United States be a capital asset in the hands of the taxpayer. For purposes of section 1037(a) and this subparagraph, a circular of the Treasury Department which offers to exchange obligations of the United States issued under the Second Liberty Bond Act for other obligations issued under that Act shall constitute regulations promulgated by the Secretary in connection with the issue of the obligations offered to be exchanged if such circular contains a declaration by the Secretary that no gain or loss shall be recognized for Federal income tax purposes on the exchange or grants the privilege of continuing to defer the reporting of the income on the bonds exchanged until such time as the bonds received in the exchange are redeemed or disposed of, or have reached final maturity, whichever is earlier. See, for example, regulations of the Bureau of the Public Debt, 31 CFR Part 339, or Treasury Department Circular 1066, 26 F.R. 8647. The application of section 1037(a) and this subparagraph will not be precluded merely because the taxpayer is required to pay money on the exchange. See section 1031 and the regulations thereunder if the taxpayer receives money on the exchange.

(2) *Recognition of gain or loss postponed.* Gain or loss which has been realized but not recognized on the exchange of a U.S. obligation for another such obligation because of the provisions of section 1037(a) (or so much of section 1031 (b) or (c) as relates to section 1037(a)) shall be recognized at such time as the obligation received in the exchange is disposed of, or redeemed, in a transaction other than an exchange described in section 1037(a) (or so much of section 1031 (b) or (c) as relates to section 1037(a)) or reaches final maturity, whichever is earlier, to the extent gain or loss is realized on such later transaction.

(3) *Illustrations.* The application of this paragraph may be illustrated by the following examples, in which it is assumed that the taxpayer uses the cash receipts and disbursements method of accounting and has never elected under section 454(a) to include in gross income currently the annual increase in the redemption price of non-interest-bearing obligations issued at a discount. In addition, it is assumed that the old obligations exchanged are capital assets transferred in an exchange in respect of which

regulations are promulgated pursuant to section 1037(a):

*Example (1).* A, the owner of a \$1,000 series E U.S. savings bond purchased for \$750 and bearing an issue date of May 1, 1945, surrenders the bond to the United States in exchange solely for series H U.S. savings bonds on February 1, 1964, when the series E bond has a redemption value of \$1,304.80. In the exchange A pays an additional \$195.20 and obtains three \$500 series H bonds. None of the \$554.80 gain (\$1,304.80 less \$750) realized by A on the series E bond is recognized at the time of the exchange.

*Example (2).* In 1963, B purchased for \$97 a marketable U.S. bond which was originally issued at its par value of \$100. In 1964 he surrenders the bond to the United States in exchange solely for another marketable U.S. bond which then has a fair market value of \$95. B's loss of \$2 on the old bond is not recognized at the time of the exchange, and his basis for the new bond is \$97 under section 1031(d). If it had been necessary for B to pay \$1 additional consideration in the exchange, his basis in the new bond would be \$98.

*Example (3).* The facts are the same as in example (2) except that B also receives \$1 interest on the old bond for the period which has elapsed since the last interest payment date and that B does not pay any additional consideration on the exchange. As in example (2), B has a loss of \$2 which is not recognized at the time of the exchange and his basis in the new bond is \$97. In addition, the \$1 of interest received on the old bond is includible in gross income. B holds the new bond 1 year and sells it in the market for \$99 plus interest. At this time he has a gain of \$2, the difference between his basis of \$97 in the new bond and the sales price of such bond. In addition, the interest received on the new bond is includible in gross income.

*Example (4).* The facts are the same as in example (2), except that in addition to the new bond B also receives \$1.85 in cash, \$0.85 of which is interest. The \$0.85 interest received is includible in gross income. B's loss of \$1 (\$97 less \$96) on the old bond is not recognized at the time of the exchange by reason of section 1031(c). Under section 1031(d) B's basis in the new bond is \$96 (his basis of \$97 in the old bond, reduced by the \$1 cash received in the exchange).

*Example (5).* (a) For \$975 D subscribes to a marketable U.S. obligation which has a face value of \$1,000. Thereafter, he surrenders this obligation to the United States in exchange solely for a 10-year marketable \$1,000 obligation which at the time of exchange has a fair market value of \$930, at which price such obligation is initially offered to the public. At the time of issue of the new obligation there was no intention to call it before maturity. Five years after the exchange D sells the new obligation for \$960.

(b) On the exchange of the old obligation for the new obligation D sustains a loss of \$45 (\$975 less \$930), none of which is recognized pursuant to section 1037(a).

(c) The basis of the new obligation in D's hands, determined under section 1031(d), is \$975 (the same basis as that of the old obligation).

(d) On the sale of the new obligation D sustains a loss of \$15 (\$975 less \$960), all of which is recognized by reason of section 1002.

*Example (6).* (a) The facts are the same as in example (5), except that five years after the exchange D sells the new obligation for \$1,020.

(b) On the exchange of the old obligation for the new obligation D sustains a loss of \$45 (\$975 less \$930), none of which is recognized pursuant to section 1037(a).

(c) The basis of the new obligation in D's hands, determined under section 1031(d), is \$975 (the same basis as that of the old obligation). The issue price of the new obligation under section 1232(b)(2) is \$930.

(d) On the sale of the new obligation D realizes a gain of \$45 (\$1,020 less \$975), all of which is recognized by reason of section 1002. Of this gain of \$45, the amount of \$35 is treated as ordinary income and \$10 is treated as long-term capital gain, determined as follows:

(1) Ordinary income under first sentence of sec. 1232(a)(2)(A) on sale of new obligation:	
Stated redemption price of new obligation at maturity.....	\$1,000
Less: Issue price of new obligation under sec. 1232(b)(2).....	930
Original issue discount on new obligation.....	70
Proration under sec. 1232(a)(2)(A)(ii): (\$70 × 60 months/120 months).....	35
(2) Long-term capital gain (\$45 less \$35).....	10

*Example (7).* (a) The facts are the same as in example (5), except that D retains the new obligation and redeems it at maturity for \$1,000.

(b) On the exchange of the old obligation for the new obligation D sustains a loss of \$45 (\$975 less \$930), none of which is recognized pursuant to section 1037(a).

(c) The basis of the new obligation in D's hands, determined under section 1031(d), is \$975 (the same basis as that of the old obligation). The issue price of the new obligation is \$930 under section 1232(b)(2).

(d) On the redemption of the new obligation D realizes a gain of \$25 (\$1,000 less \$975), all of which is recognized by reason of section 1002. Of this gain of \$25, the entire amount is treated as ordinary income, determined as follows:

Ordinary income under first sentence of sec. 1232(a)(2)(A) on redemption of new obligation:	
Stated redemption price of new obligation at maturity.....	\$1,000
Less: Issue price of new obligation under sec. 1232(b)(2).....	930
Original issue discount on new obligation.....	70
Proration under sec. 1232(a)(2)(A)(ii): (\$70 × 120 months/120 months), but such amount not to exceed the \$25 gain recognized on redemption.....	\$25

(b) *Application of section 1232 upon disposition or redemption of new obligation.*—(1) *Exchanges involving nonrecognition of gain on obligations issued at a discount.* If an obligation, the gain on which is subject to the first sentence of section 1232(a)(2)(A) because the obligation was originally issued at a discount, is surrendered to the United States in exchange for another obligation and any part of the gain realized on the exchange is not then recognized because of the provisions of section 1037(a) (or because of so much of section 1031(b) as relates to section 1037(a)), the first sentence of section 1232(a)(2)(A) shall apply to so much of such unrecognized gain as is later recognized upon the disposition or redemption of the obligation which is received in the exchange as

though the obligation so disposed of or redeemed were the obligation surrendered, rather than the obligation received, in such exchange. See the first sentence of section 1037(b)(1). Thus, in effect that portion of the gain which is unrecognized on the exchange but is recognized upon the later disposition or redemption of the obligation received from the United States in the exchange shall be considered as ordinary income in an amount which is equal to the gain which, by applying the first sentence of section 1232(a)(2)(A) upon the earlier surrender of the old obligation to the United States, would have been considered as ordinary income if the gain had been recognized upon such earlier exchange. Any portion of the gain which is recognized under section 1031(b) upon the earlier exchange and is treated at such time as ordinary income shall be deducted from the gain which is treated as ordinary income by applying the first sentence of section 1232(a)(2)(A) pursuant to this subparagraph upon the disposition or redemption of the obligation which is received in the earlier exchange. This subparagraph shall apply only in a case where on the exchange of United States obligations there was some gain not recognized by reason of section 1037(a) (or so much of section 1031(b) as relates to section 1037(a)); it shall not apply where only loss was unrecognized by reason of section 1037(a).

(2) *Rules to apply when a nontransferable obligation is surrendered in the exchange.* For purposes of applying both section 1232(a)(2)(A) and subparagraph (1) of this paragraph to the total gain realized on the obligation which is later disposed of or redeemed, if the obligation surrendered to the United States in the earlier exchange is a nontransferable obligation described in section 454 (a) or (c) —

(i) The aggregate amount considered, with respect to the obligation so surrendered in the earlier exchange, as ordinary income shall not exceed the difference between the issue price of the surrendered obligation and the stated redemption price of the surrendered obligation which applied at the time of the earlier exchange, and

(ii) The issue price of the obligation which is received from the United States in the earlier exchange shall be considered to be the stated redemption price of the surrendered obligation which applied at the time of the earlier exchange, increased by the amount of other consideration (if any) paid to the United States as part of the earlier exchange. If the obligation received in the earlier exchange is a nontransferable obligation described in section 454(c) and such obligation is partially redeemed before final maturity, or partially disposed of by being partially reissued to another owner, the amount determined by applying subdivision (i) of this subparagraph shall be determined on a basis proportional to the total denomination of obligations redeemed or disposed of. See paragraph (c) of § 1.454-1.

(3) *Long-term capital gain.* If, in a case where both subparagraphs (1) and

(2) of this paragraph are applied, the total gain realized on the redemption or disposition of the obligation which is received from the United States in the exchange to which section 1037(a) (or so much of section 1031(b) as relates to section 1037(a)) applies exceeds the amount of gain which, by applying such subparagraphs, is treated as ordinary income, the gain in excess of such amount shall be treated as long-term capital gain.

(4) *Illustrations.* The application of this paragraph may be illustrated by the following examples, in which it is assumed that the taxpayer uses the cash receipts and disbursements method of accounting and has never elected under section 454(a) to include in gross income currently the annual increase in the redemption price of non-interest-bearing obligations issued at a discount. In addition, it is assumed that the old obligations exchanged are capital assets transferred in an exchange in respect of which regulations are promulgated pursuant to section 1037(a):

*Example (1).* (a) A purchased a non-interest-bearing nontransferable U.S. bond for \$74 which was issued after December 31, 1954, and redeemable in 10 years for \$100. Several years later, when the stated redemption value of such bond is \$94.50, A surrenders it to the United States in exchange for \$1 in cash and a 10-year marketable bond having a face value of \$100. On the date of exchange the bond received in the exchange has a fair market value of \$96. Less than one month after the exchange, A sells the new bond for \$96.

(b) On the exchange of the old bond for the new bond A realizes a gain of \$23, determined as follows:

Amount realized (a new bond worth \$96 plus \$1 cash)	\$97
Less: Adjusted basis of old bond	74
Gain realized	23

Pursuant to so much of section 1031(b) as applies to section 1037(a), the amount of such gain which is recognized is \$1 (the money received). Such recognized gain of \$1 is treated as ordinary income. On the exchange of the old bond a gain of \$22 (\$23 less \$1) is not recognized.

(c) The basis of the new bond in A's hands, determined under section 1031(d), is \$74 (the basis of the old bond, decreased by the \$1 received in cash and increased by the \$1 gain recognized on the exchange).

(d) On the sale of the new bond A realizes a gain of \$22 (\$96 less \$74), all of which is recognized by reason of section 1002. Of this gain of \$22, the amount of \$19.50 is treated as ordinary income and \$2.50 is treated as long-term capital gain, determined as follows:

(1) Ordinary income, treating sale of new bond as though a sale of old bond and applying sec. 1037(b)(1)(A):	
Stated redemption price of old bond	\$94.50
Less: Issue price of old bond	74.00
Aggregate gain under sec. 1037(b)(1)(A) (not to exceed \$23 not recognized at time of exchange)	20.50
Less: Amount of such gain recognized at time of exchange	1.00
Ordinary income	19.50

(2) Ordinary income under first sentence of sec. 1232(a)(2)(A), applying sec. 1037(b)(1)(B) to sale of new bond:

Stated redemption price of new bond at maturity	100.00
Less: Issue price of new bond under sec. 1037(b)(1)(B) (\$94.50 plus \$0 additional consideration paid on exchange)	94.50
Original issue discount on new bond	5.50
Proration under sec. 1232 (a)(2)(A)(ii): (\$5.50 × 0 months/120 months)	0

(3) Total ordinary income (sum of subparagraphs (1) and (2))

(4) Long-term capital gain (\$22 less \$19.50)

*Example (2).* (a) The facts are the same as in example (1), except that, less than one month after the exchange of the old bond, the new bond is sold for \$92.

(b) On the sale of the new bond A realizes a gain of \$18 (\$92 less \$74), all of which is recognized by reason of section 1002. Of this gain, the entire amount of \$18 is treated as ordinary income. This amount is determined as provided in paragraph (d)(1) of example (1) except that the ordinary income of \$19.50 is limited to the \$18 recognized on the sale of the new bond.

*Example (3).* (a) The facts are the same as in example (1), except that 2 years after the exchange of the old bond A sells the new bond for \$98.

(b) On the sale of the new bond A realizes a gain of \$24 (\$98 less \$74), all of which is recognized by reason of section 1002. Of this gain of \$24, the amount of \$20.60 is treated as ordinary income and \$3.40 is treated as long-term capital gain, determined as follows:

(1) Ordinary income applicable to old bond (determined as provided in paragraph (d)(1) of example (1))	\$19.50
(2) Ordinary income applicable to new bond (determined as provided in paragraph (d)(2) of example (1), except that the proration of the original issue discount under sec. 1232 (a)(2)(A)(ii) amounts to \$1.10 (\$5.50 × 24 months/120 months))	1.10
(3) Total ordinary income (sum of subparagraphs (1) and (2))	20.60
(4) Long-term capital gain (\$24 less \$20.60)	3.40

*Example (4).* (a) The facts are the same as in example (1), except that A retains the new bond and redeems it at maturity for \$100.

(b) On the redemption of the new bond A realizes a gain of \$26 (\$100 less \$74), all of which is recognized by reason of section 1002. Of this gain of \$26, the amount of \$25 is treated as ordinary income and \$1 is treated as long-term capital gain, determined as follows:

(1) Ordinary income applicable to old bond (determined as provided in paragraph (d)(1) of example (1))	\$19.50
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- (2) Ordinary income applicable to new bond (determined as provided in paragraph (d)(2) of example (1), except that the proration of the original issue discount under sec. 1232(a)(2)(A)(ii) amounts to \$5.50 (\$5.50 × 120 months/120 months)) ----- 5.50
- (3) Total ordinary income (sum of subparagraphs (1) and (2)) ----- 25.00
- (4) Long-term capital gain (\$26 less \$25) ----- 1.00

**Example (5).** (a) In 1958 B purchased for \$7,500 a series E United States savings bond having a face value of \$10,000. In 1965 when the stated redemption value of the series E bond is \$9,760, B surrenders it to the United States in exchange solely for a \$10,000 series H U.S. savings bond, after paying \$240 additional consideration. B retains the series H bond and redeems it at maturity in 1975 for \$10,000, after receiving all the semiannual interest payments thereon.

(b) On the exchange of the series E bond for the series H bond, B realizes a gain of \$2,260 (\$9,760 less \$7,500), none of which is recognized at such time by reason of section 1037(a).

(c) The basis of the series H bond in B's hands, determined under section 1031(d), is \$7,740 (the \$7,500 basis of the series E bond, plus \$240 additional consideration paid for the series H bond).

(d) On the redemption of the series H bond, B realizes a gain of \$2,260 (\$10,000 less \$7,740), all of which is recognized by reason of section 1002. This entire gain is treated as ordinary income by treating the redemption of the series H bond as though it were a redemption of the series E bond and by applying section 1037(b)(1)(A).

(e) Under section 1037(b)(1)(B) the issue price of the series H bond is \$10,000 (\$9,760 stated redemption price of the series E bond at time of exchange, plus \$240 additional consideration paid). Thus, with respect to the series H bond, there is no original issue discount to which section 1232(a)(2)(A) might apply.

**Example (6).** (a) The facts are the same as in example (5), except that in 1970 B submits the \$10,000 series H bond to the United States for partial redemption in the amount of \$3,000 and for resumption of the remainder in \$1,000 series H savings bonds registered in his name. On this transaction B receives \$3,000 cash and seven \$1,000 series H bonds bearing the original issue date of the \$10,000 bond which is partially redeemed. The \$1,000 series H bonds are redeemed at maturity in 1975 for \$7,000.

(b) On the partial redemption of the \$10,000 series H bond in 1970 B realizes a gain of \$678 (\$3,000 less \$2,322 [\$7,740 × \$3,000/\$10,000]), all of which is recognized at such time by reason of section 1002 and paragraph (c) of § 1.454-1. This entire gain is treated as ordinary income, by treating the partial redemption of the series H bond as though it were a redemption of the relevant denominational portion of the series E bond and by applying section 1037(b)(1)(A).

(c) On the redemption at maturity in 1975 of the seven \$1,000 series H bonds B realizes a gain of \$1,582 (\$7,000 less \$5,418 [\$7,740 × \$7,000/\$10,000]), all of which is recognized at such time by reason of section 1002 and paragraph (c) of § 1.454-1. This entire gain is treated as ordinary income, determined in the manner described in paragraph (b) of this example.

**Example (7).** (a) The facts are the same as in example (5), except that in 1970 B requests the United States to reissue the \$10,000 series H bond by issuing two \$5,000 series H bonds bearing the original issue date of such \$10,000 bond. One of such \$5,000

bonds is registered in B's name, and the other is registered in the name of C, who is B's son. Each \$5,000 series H bond is redeemed at maturity in 1975 for \$5,000.

(b) On the issuing in 1970 of the \$5,000 series H bond to C, B realizes a gain of \$1,130 (\$5,000 less \$3,870 [\$7,740 × \$5,000/\$10,000]), all of which is recognized at such time by reason of section 1002 and paragraph (c) of § 1.454-1. This entire gain is treated as ordinary income by treating the transaction as though it were a redemption of the relevant denominational portion of the series E bond and by applying section 1037(b)(1)(A).

(c) On the redemption at maturity in 1975 of the \$5,000 series H bond registered in his name B realizes a gain of \$1,130 (\$5,000 less \$3,870 [\$7,740 × \$5,000/\$10,000]), all of which is recognized at such time by reason of section 1002 and paragraph (c) of § 1.454-1. This entire gain is treated as ordinary income, determined in the manner described in paragraph (b) of this example.

(d) On the redemption at maturity in 1975 of the \$5,000 series H bond registered in his name C does not realize any gain, since the amount realized on redemption does not exceed his basis in the property, determined as provided in section 1015.

#### (5) Exchanges involving nonrecognition of gain or loss on transferable obligations issued at not less than par—(i)

**In general.** If a transferable obligation of the United States which was originally issued at not less than par is surrendered to the United States for another transferable obligation in an exchange to which the provisions of section 1037(a) (or so much of section 1031 (b) or (c) as relates to section 1037(a)) apply, the issue price of the obligation received from the United States in the exchange shall be considered for purposes of applying section 1232 to gain realized on the disposition or redemption of the obligation so received, to be the same as the issue price of the obligation which is surrendered to the United States in the exchange, increased by the amount of other consideration, if any, paid to the United States as part of the exchange. This subparagraph shall apply irrespective of whether there is gain or loss unrecognized on the exchange and irrespective of the fair market value, at the time of the exchange, of either the obligation surrendered to, or the obligation received from, the United States in the exchange.

(ii) **Illustrations.** The application of this subparagraph may be illustrated by the following examples, in which it is assumed that the taxpayer uses the cash receipts and disbursements method of accounting and that the old obligations exchanged are capital assets transferred in an exchange in respect of which regulations are promulgated pursuant to section 1037(a):

**Example (1).** (a) A purchases in the market for \$85 a marketable U.S. bond which was originally issued at its par value of \$100. Three months later, A surrenders this bond to the United States in exchange solely for another \$100 marketable U.S. bond which then has a fair market value of \$88. He holds the new bond for 5 months and then sells it on the market for \$92.

(b) On the exchange of the old bond for the new bond A realizes a gain of \$3 (\$88 less \$85), none of which is recognized by reason of section 1037(a).

(c) The basis of the new bond in A's hands, determined under section 1031(d), is \$85 (the same as that of the old bond). The issue price of the new bond for purposes of section 1232(a)(2)(A) is considered under section 1037(b)(2) to be \$100 (the same issue price as that of the old bond).

(d) On the sale of the new bond A realizes a gain of \$7 (\$92 less \$85), all of which is recognized by reason of section 1002. Of this gain of \$7, the entire amount is treated as long-term capital gain, determined as follows:

- (1) Ordinary income under first sentence of sec. 1232(a)(2)(A), applicable to old bond:  
 Stated redemption price of old bond at maturity... \$100  
 Less: Issue price of old bond ..... 100  
 Original issue discount on old bond ..... 0
- (2) Ordinary income under first sentence of sec. 1232(a)(2)(A), applying sec. 1037(b)(2) to sale of new bond:  
 Stated redemption price of new bond at maturity... \$100  
 Less: Issue price of new bond under sec. 1037 (b)(2) ..... 100  
 Original issue discount on new bond ..... 0
- (3) Long-term capital gain (\$7 less sum of subparagraphs (1) and (2))... \$7

**Example (2).** The facts are the same as in example (1), except that A retains the new bond and redeems it at maturity for \$100. On the redemption of the new bond, A realizes a gain of \$15 (\$100 less \$85), all of which is recognized under section 1002. This entire gain is treated as long-term capital gain, determined in the same manner as provided in paragraph (d) of example (1).

**Example (3).** (a) For \$1,000 B subscribes to a marketable U.S. bond which has a face value of \$1,000. Thereafter, he surrenders this bond to the United States in exchange solely for a 10-year marketable \$1,000 bond which at the time of exchange has a fair market value of \$930, at which price such bond is initially offered to the public. Five years after the exchange, B sells the new bond for \$950.

(b) On the exchange of the old bond for the new bond, B sustains a loss of \$70 (\$1,000 less \$930), none of which is recognized pursuant to section 1037(a).

(c) The basis of the new bond in A's hands, determined under section 1031(d), is \$1,000 (the same basis as that of the old bond).

(d) On the sale of the new bond B sustains a loss of \$50 (\$1,000 less \$950), all of which is recognized by reason of section 1002.

**Example (4).** (a) The facts are the same as in example (3), except that 5 years after the exchange B sells the new bond for \$1,020.

(b) On the exchange of the old bond for the new bond B sustains a loss of \$70 (\$1,000 less \$930), none of which is recognized pursuant to section 1037(a).

(c) The basis of the new bond in B's hands, determined under section 1031(d), is \$1,000 (the same basis as that of the old bond). The issue price of the new bond for purposes of section 1232(a)(2)(A) is considered under section 1037(b)(2) to be \$1,000 (the same issue price as that of the old bond).

(d) On the sale of the new bond B realizes a gain of \$20 (\$1,020 less \$1,000), all of which is recognized by reason of section 1002. This entire gain is treated as long-term capital gain, determined in the same manner as provided in paragraph (d) of example (1).

(6) **Other rules for applying section 1232.** To the extent not specifically af-

affected by the provisions of section 1037 (b) and subparagraphs (1) through (5) of this paragraph, any gain realized on the disposition or redemption of any obligation received from the United States in an exchange to which section 1037(a) (or so much of section 1031 (b) or (c) as relates to section 1037(a)) applies shall be treated in the manner provided by section 1232 if the facts and circumstances relating to the acquisition and disposition or redemption of such obligation require the application of section 1232.

(c) *Holding period of obligation received in the exchange.* The holding period of an obligation received from the United States in an exchange to which the provisions of section 1037(a) (or so much of section 1031 (b) or (c) as relates to section 1037(a)) apply shall include the period for which the obligation which was surrendered to the United States in the exchange was held by the taxpayer, but only if the obligation so surrendered was at the time of the exchange a capital asset in the hands of the taxpayer. See section 1223 and the regulations thereunder.

(d) *Basis.* The basis of an obligation received from the United States in an exchange to which the provisions of section 1037(a) (or so much of section 1031 (b) or (c) as relates to section 1037(a)) apply shall be determined as provided in section 1031(d) and the regulations thereunder.

(e) *Effective date.* Section 1.1037 and this section shall apply only for taxable years ending after September 22, 1959.

PAR. 11. Section 1.1232-3 is amended by revising paragraphs (a)(2) and (f) to read as follows:

§ 1.1232-3 Gain upon sale or exchange of obligations issued at a discount after December 31, 1954.

(a) *General rule.* \* \* \*

(2) *Sale or exchange after December 31, 1957.* In the case of gain realized upon the sale or exchange after December 31, 1957, of an obligation issued at a discount after December 31, 1954, and held by the taxpayer for more than 6 months, section 1232(a)(2)(A) provides that such gain shall be considered ordinary income to the extent it does not exceed—

(i) An amount equal to the entire "original issue discount", or

(ii) If at the time of original issue there was no intention to call the bond or other evidence of indebtedness before maturity, a portion of the "original issue discount" determined in accordance with paragraph (c) of this section, and the balance, if any, of the gain shall be considered as long-term capital gain. The terms "original issue discount" and "intention to call the bond or other evidence of indebtedness before maturity" are defined in paragraph (b) of this section. See section 1037(b) and paragraph (b) of § 1.1037-1 for special rules which are applicable in applying section 1232(a)(2)(A) and this subparagraph to gain realized on the disposition or redemption of obligations of the United

States which were received from the United States in an exchange upon which gain or loss is not recognized because of section 1037(a) (or so much of section 1031 (b) or (c) as relates to section 1037(a)).

(f) *Record keeping requirements.* In the case of any obligation held by a taxpayer which was issued at an original issue discount after December 31, 1954, the taxpayer shall keep a record of the issue price and issue date upon or with each such obligation (if known to or reasonably ascertainable by him). If the obligation held by the taxpayer is an obligation of the United States received from the United States in an exchange upon which gain or loss is not recognized because of section 1037(a) (or so much of section 1031 (b) or (c) as relates to section 1037(a)), the taxpayer shall keep sufficient records to determine the issue price of such obligation for purposes of applying section 1037(b) and paragraphs (a) and (b) of § 1.1037-1 upon the disposition or redemption of such obligation. The issuer (or in the case of obligations first sold to the public through an underwriter or wholesaler, the underwriter or wholesaler) shall mark the issue price and issue date upon every obligation which is issued at an original issue discount after September 26, 1957.

[P.R. Doc. 67-13471; Filed, Nov. 16, 1967; 8:45 a.m.]

## Title 29—LABOR

### Chapter X—National Mediation Board

#### PART 1200—MINIMUM STANDARDS OF CONDUCT FOR EMPLOYEES OF THE NATIONAL MEDIATION BOARD

Pursuant to and in conformity with sections 201 through 209 of Title 18 of the United States Code, Executive Order 11222 of May 8, 1965 (20 F.R. 6469), and Title 5, Chapter I, Part 735 of the Code of Federal Regulations, Part 1200 is amended in the following respects:

1. Present §§ 1200.735-20 through 1200.735-28 are renumbered as §§ 1200.735-21 through 1200.735-29 and a new § 1200.735-20 is added which includes the provisions in renumbered § 1200.735-21(c) to indicate that this provision applies to all the following applicable material.

2. Renumbered § 1200.735-21(c) is deleted.

3. Renumbered § 1200.735-21(d) is amended to indicate the circumstances under which a voluntary gift to an official superior may be allowed.

4. Renumbered § 1200.735-21(e) is amended to correct statutory references.

5. Renumbered § 1200.735-21 is amended by addendum of paragraph (f). The provisions of this section formerly appeared in renumbered § 1200.735-22(d)(1). The amendment was made to show the exception does not

allow non-Government reimbursement for travel on official business under agency orders.

6. Renumbered § 1200.735-22(d)(1) has been deleted.

7. Renumbered § 1200.735-22 and the heading have been amended for clarity.

8. Renumbered § 1200.735-22(e) is amended to correct statutory reference.

9. Renumbered § 1200.735-29 is amended in paragraphs (d), (g), (h), and (j) to correct statutory references made obsolete by the codification of 5 U.S.C.

10. Renumbered § 1200.735-29 has had added paragraph (p) dealing with certain proscribed political activities and paragraph (q) dealing with the prohibition against acting as an agent of a foreign principal.

11. Section 1200.735-32 has been amended to reflect renumbering of reference § 1200.735-22(c).

12. Section 1200.735-35(b) has been amended to reflect renumbering of reference § 1200.735-21(b).

13. Section 1200.735-41 has been amended to indicate what employee must now file financial statements.

14. Section 1200.735-41(a) has been added to indicate what an employee may do who protests his inclusion under the filing requirement.

15. Section 1200.735-42 has been amended to delineate who does not have to file a financial record.

16. Section 1200.735-44 has been amended to eliminate the quarterly submission of supplementary statements of employment and financial interests.

17. Section 1200.735-48 is amended to insure the confidentiality of statements of financial and employment interests.

As amended Part 1200 is revised to read as follows:

#### Subpart A—Introduction

Sec.	
1200.735-1	General.
1200.735-2	Interpretation and advisory service.
1200.735-3	Reviewing statements and reporting conflicts of interest.
1200.735-4	Disciplinary and other remedial action.

#### Subpart B—Ethical Conduct and Responsibilities of Employees

1200.735-20	Proscribed actions.
1200.735-21	Gifts, entertainment, and favors.
1200.735-22	Outside employment and other activity.
1200.735-23	Financial interests.
1200.735-24	Use of Government property.
1200.735-25	Misuse of information.
1200.735-26	Indebtedness.
1200.735-27	Gambling, betting, and lotteries.
1200.735-28	General conduct prejudicial to the Government.
1200.735-29	Miscellaneous statutory provisions.

#### Subpart C—Board Regulations Governing Ethical and Other Conduct and Responsibilities of Special Government Employees

1200.735-30	Special provisions of Board regulations.
1200.735-31	Use of Government employment.
1200.735-32	Outside activities of special Government employees.